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|---|---|---|---|---|---|
| Austria | Sch30 | Indonesia | Rp3600 | Pakistan | Rs35 |
| Bahrain | Din1.000 | Israel | Shk5.50 | Philippines | Pes45 |
| Belgium | BFr60 | Italy | L2600 | Poland | Zl 15,000 |
| Cyprus | C£1.00 | Jordan | JD1.20 | Portugal | Es190 |
| Czech | Kcs35 | Korea | Won 2500 | Qatar | QR10.00 |
| Denmark | DKr14 | Kuwait | Fils.500 | S.Arabia | SR9.00 |
| Egypt | E£4.00 | Lebanon | L£1,250 | Singapore | S$4.10 |
| Finland | FM10 | Lux | LFr60 | Spain | Pta200 |
| France | FFr8.00 | Malta | Lm0.60 | Sweden | SKr14 |
| Germany | DM3.30 | Morocco | MDh11 | Switz | SFr3.00 |
| Greece | Dr250 | Neth | Fl 3.50 | Thailand | Bt80 |
| Hungary | Ft152 | Nigeria | Naira20 | Tunisia | Din1.000 |
| Iceland | IKr180 | Norway | NKr15.00 | Turkey | L6000 |
| India | Rs20 | Oman | OR1.20 | UAE | Dh8.00 |

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

Newspaper of the Year

Friday March 13 1992

D 8523A

**NORTH AMERICA**

US and Canada's free trade disagreement

Page 13

World News

## German states seek veto on EC deals

The prime ministers of Germany's 16 federal states have demanded a veto on all future transfer of national powers to multinational institutions as their price for the ratification of the Maastricht treaties. Page 14

**Army pull-out urged**

Pressure is growing on the former Soviet army to pull all its forces out of the three Caucasian republics of Georgia, Armenia and Azerbaijan. Page 2; US envoy joins Nixon attack over help for CIS, Page 5

**Euro MP assassinated**

The assassination in Palermo of Salvatore Lima, prominent Christian Democrat and European member of parliament, brought Mafia violence to the forefront of Italy's general election campaign. Page 2

**UK election campaign**

The first opinion poll since the start of the UK campaign for an April 9 general election gave the opposition Labour party a narrow lead. Page 6; Kinnock to promise closer ties with EC, Page 6

**Runaway tram kills 11**

At least eleven people were killed and about 20 others injured when a runaway tram careered down a hill in the Swedish city of Gothenburg.

**S African bloodshed**

A wave of bloodshed, including the first "necklace" murders in months, killed at least 21 blacks in Johannesburg townships since Wednesday night. Germiston swallows its fear of black domination, Page 4

**Israeli missile denial**

Israel denied a report in the Washington Times that it sold a Patriot missile or its technology to China, calling reports of a sale "lies" and "totally baseless".

**Call on women's rights**

The European Parliament urged Ireland to ensure women's rights were not denied by a protocol to the Treaty on European Union protecting Ireland's ban on abortion.

**Bishops' letter banned**

A letter by Roman Catholic bishops criticising Malawi's president-for-life has been banned by the southern African state, missionaries said.

**Mozambique agreement**

The Mozambique government and rightwing Renamo rebels took a major step towards ending their 16-year civil war by signing an agreement on electoral procedures.

**Iraqi sanctions warning**

The Iraqi government, threatened with force unless it reveals all its weapons of mass destruction, said UN sanctions sent its death rate soaring 400 per cent. Iraq gives ground over oil-for-food, Page 4

**England cricket win**

England, chasing a reduced target of 225 off 41 overs because of rain, beat South Africa with just one ball to spare in their World Cup match in Melbourne. South Africa 236-4, England 226-7.

FT No. 31,708

Business Summary

## UK markets decline on Conservative poll doubts

Sterling and UK shares came under renewed pressure as doubts about the Conservatives' general election prospects cast a shadow over financial markets.

The pound slipped 1 pfennig to close in London at DM2.86. The FT-SE 100 index fell 29.1 to 2,493.3, after shedding more than 50 points on Wednesday. Page 14 and Lex; London stock market, Page 27; Currencies, Page 34

RENAULT Véhicules Industriels, French truck and bus maker, crawled back into profit, reporting a FFr23m ($4.12m) net profit for 1991, against a FFr102m loss the previous year. Page 15

SIEMENS chief executive, reporting a fall in the German electronics group's export orders, warned that a speedy end to the world economic slowdown was not in sight. Page 15

JAPANESE-OWNED manufacturers in Britain have largely avoided making staff redundant despite being hit hard by the recession. Page 14

BOEING, US aircraft maker, complained that Airbus, its European rival, won a $675m order for nine Airbus A310 aircraft from Delta Air Lines by providing creative lease financing. Page 3

JAPANESE trade official condemned suggestions by US semiconductor companies that a bilateral agreement on foreign access to Japan's chip market is close to collapse. Page 3

TOKYO indicated it would step up attempts to strengthen the yen and look at ways of stimulating a slowing domestic economy. Page 4.

RTZ, the world's biggest mining group, reported better than expected pre-tax profits of £308m ($532m), down 36 per cent on the previous year. Page 19; Lex, Page 14

AMERICAN EXPRESS chairman admitted the travel and financial services group faced serious competitive pressures in its core credit card division. Page 17

UK DEPARTMENT of Trade and Industry reopened its inquiry into the Blue Arrow affair to investigate the roles played in the scandal by senior management at National Westminster Bank. Page 6

LEGAL and General, UK life assurance and financial services group, saw pre-tax profits plunge to £11.3m ($19.5m) in 1991 from £68.6m the previous year. Page 15; Lex, Page 14

GROLSCH, Dutch beer group which acquired Ruddles, UK brewer, increased its 1991 dividend by slightly more than 10 per cent after raising full-year profits 10.6 per cent to Fl 41.9m ($22.6m). Page 16

PROCORDIA, Swedish pharmaceutical and food group, doubled profits after financial items to SKr4.2bn ($698m) for 1991 and is increasing the dividend to SKr3.15 from SKr2.85. Page 16

HENKEL, German chemicals and consumer products group, raised net profits by more than 3 per cent last year to DM443m ($270.1m) in spite of weak export markets. Page 17

Hardline Marxists suffer defeat in politburo struggle for power

# China opts for Deng's economic reforms

By Yvonne Preston in Beijing

CHINA'S Communist party has committed itself unequivocally to economic reform in a victory for the reformist strategy of the country's 87-year-old paramount leader, Deng Xiaoping, over hardline Marxists.

The ruling 15-man politburo, after a meeting this week in Beijing, said the policies of reform and opening to the outside world would remain unchanged "for 100 years".

The reform strategy masterminded by Deng Xiaoping has been the subject of a fierce power struggle between Deng's supporters, who want to speed up change, and the Communist party's Marxist hardliners, who warned that reform would lead to capitalism.

Deng, who has officially retired, disappeared from public life last year but re-emerged in a visit to southern China at the beginning of this year. His tour was seen as giving strong backing to the opening of the economy, which is particularly evident in the provinces close to Hong Kong.

In a rare departure from the secrecy which usually surrounds politburo meetings, every main newspaper in China – including the People's Daily, the party's official mouthpiece – yesterday gave the politburo session splash headlines on their front pages.

The People's Daily had taken a consistently hardline stance since the crushing of the pro-democracy movement in Tiananmen Square in June 1989. For months, it has frequently warned of the threat of "peaceful evolution" to capitalism and the dangers of bourgeois liberalism.

But it announced yesterday that the politburo decided to "firmly hold to the party's basic line and not waver for a century, grasp the opportunity to quicken reform and opening to promote the economy."

Using language rarely seen in the official media in the months since the 1989 military action against student demonstrators, the People's Daily reported the politburo's warning that the greatest threat comes not from western-style liberalism, called "rightism", but from hardline leftism.

Deng Xiaoping (centre) with his daughter Deng Nan (pointing) and officials during his visit in January to the Shenzhen special economic zone in southern China

"While keeping vigilance against 'right' deviation, the main attention should be paid to guarding against 'left' deviation," the paper said.

It echoed almost word for word the pro-reform language used by Deng when he paid his visit in January to Guangdong province and the Shenzhen special economic zone, the southern provinces which are seeing rapid economic growth spurred by dynamic private sector enterprise.

His support for Guangdong's reforms, his backing for stock markets, and his comments that some capitalist practices could be put to socialist uses were subsequently circulated in a communist party study document to party officials.

Deng's strategy is to invigorate the economy using capitalist techniques while maintaining the party's absolute monopoly of political power. It has led to rapid growth and an influx of foreign investment, although the economy still faces huge problems in its stifling bureaucracy and grossly inefficient public sector.

Zhang Youcai, deputy finance minister, yesterday told a national conference on industrial debt in Beijing that the state sector had lost 31bn yuan ($5.7bn) since 1988 and needed to be overhauled in the next three years.

The politburo statement said China could freely take economic ideas from capitalism and the advanced nations of the west. "To judge whether something is 'socialist' or 'capitalist' will depend mainly on whether it will benefit the development of productive forces under socialism...and the promotion of the living standard of the people," it said.

"The pace of reform and opening to the outside world should be accelerated," it added. "That which we regard as being correct, we must go ahead and try daringly." The Politburo decision lashed out against rigid thinking and bureaucracy and urged all energies be devoted to pragmatic work.

Deng steals march, Page 4

# Ukraine halts shipment of missiles

By Chrystia Freeland in Kiev and Leyla Boulton in Moscow

UKRAINE has stopped shipping its tactical nuclear missiles to Russia, where they were to be destroyed under pledges made to the international community, Mr Leonid Kravchuk, the Ukrainian president, announced yesterday.

The decision was provoked by Ukrainian fears that the weapons were not being dismantled in Russia, but were being stockpiled. "We cannot guarantee that weapons transported to Russia will be destroyed or that they will not fall into undesirable hands," Mr Kravchuk said.

At the same time, Mr Konstantin Morozov, defence minister, announced that he had taken control of the Uzin air-force base near Kiev which was formerly under the collective command of the Commonwealth of Independent States (CIS).

The aircraft at the base are capable of carrying nuclear weapons, but Mr Morozov said Ukraine was not seizing the weapons themselves. The decision was taken because CIS military commanders had banned Ukrainians serving in their forces throughout Ukraine from swearing allegiance to the republic, he said.

Both moves are likely to complicate already tense relations with Russia. Mr Kravchuk's motive in the nuclear missiles decision could be partly to gain leverage with Russia by hanging on to the weapons in the run-up to what are expected to be difficult negotiations on the future of the former Soviet army in Kiev on March 20.

Ukraine feels mounting unease at the presence of a nuclear power on its north-eastern border. Mr Kravchuk yesterday insisted that Ukrainian tactical nuclear warheads "should not be used to strengthen anyone's nuclear arsenal".

The move is likely, however, to jeopardise Ukraine's promise to destroy all its tactical nuclear missiles by July and its commitment to become a non-nuclear power by 1994. The only facilities for destroying nuclear weapons in the former Soviet Union are located in Russia, but Mr Kravchuk proposed the construction of a separate site in Ukraine, where weapons could be dismantled under international supervision.

Western diplomats confirmed Mr Kravchuk's assertion that existing facilities in Russia are unable to accommodate all Ukrainian missiles.

Mr Andrei Kokoshin, deputy director of the USA and Canada Studies Institute, a Moscow think tank, commented recently that "it can't be done overnight... The weapons have to be stored in a central place, then sent to storage facilities attached to plants for the dismantling. We also need storage for weapons-grade enriched plutonium and uranium. There are bottlenecks at every phase."

The move is the most recent example of Ukraine's efforts to establish independent institutions rather than operate through collective structures of the CIS.

The Ukrainian move may also be an attempt to get a greater share of western funds earmarked for the destruction of nuclear weapons in the former Soviet Union.

# US tries to calm Gatt fears over regional trade deals

By David Dodwell in London and Frances Williams in Geneva

AGREEMENT on the Uruguay Round of talks on world trade liberalisation is more likely following meetings this week in Brussels, according to Mr Rufus Yerxa, US ambassador to the Geneva-based General Agreement on Tariffs and Trade.

His comments came during a response to fears voiced in the Gatt's latest review of US trade policy that Washington was retreating from its commitment to liberal world trade.

The Gatt review argued that US efforts to seal preferential regional trade arrangements – most recently with Mexico in the North American Free Trade Agreement (Nafta) – could be leading to "the erosion of basic Gatt principles by regionalism, bilateralism, unilateralism or various forms of managed trade".

Mr Yerxa disputed that the US drive for regional trade accords weakened its commitment to the multilateral trading system. Regional economic integration would benefit the western hemisphere and lead to a more open trade environment worldwide, he said after the review of US trade policies by Gatt's governing council.

On the US-EC farm trade negotiations, which have for so long stalled progress towards a Uruguay Round trade accord, Mr Yerxa said fresh proposals from US president George Bush, presented in Brussels this week to Mr Jacques Delors, president of the European Commission, were "a good faith effort on our part" to give the EC new ideas for resolving differences.

"I'm confident that the final agreement would be very beneficial to US agriculture and an important contribution to the reform of agricultural policies worldwide," he said.

Trading partners' criticisms of the US during the two-day Gatt review included US anti-dumping and countervailing duty actions, the automatic $1bn boost to farm export subsidies under the 1990 Farm Act if there is no Uruguay Round accord by June 1992, and bilateral and managed trade deals, including the car parts accord Mr Bush brought back from Japan in January.

Gatt warning, Page 3
Trade disagreement, Page 13

# Bush receives boost from US retail sales recovery

By Michael Prowse in Washington

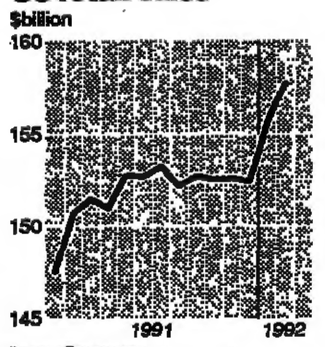
PRESIDENT George Bush's re-election campaign received a boost yesterday from figures showing a surprisingly robust recovery of retail sales since Christmas.

Analysts saw the figures as further evidence that the US economy is beginning to stir after one of the longest downturns in recent history.

The Commerce Department said retail sales rose by 1.3 per cent last month and by 4.6 per cent since February last year, when spending was depressed by the Gulf war. Figures for January were revised substantially to show a monthly gain of 2.1 per cent rather than 0.6 per cent as initially estimated.

Sales were far stronger than indicated by consumer confidence surveys or the cautious forecasts of most leading economists. They follow a raft of mildly encouraging statistics, including a jump in employment, higher home sales, a surge in the purchasing managers' index and an acceleration of monetary growth.

US retail sales



Source: Datastream

On Wall Street, lingering hopes of another cut in interest rates were dashed, causing a sharp fall in bond prices by midday. Many analysts now fear the Federal Reserve may have to tighten monetary policy later this year if it is to keep inflation low.

Mr Stephen Roach, senior economist at Morgan Stanley, the New York investment house, said consumer spending was developing an "unmistakable momentum". The Bush administration would benefit from a "significant improvement in the economy as the campaign progressed".

Mr Wayne Gantt, chief economist at Interstate/Johnson Lane, an Atlanta-based investment bank, said last year's monetary stimulus pointed to a "fair amount of economic vigour". The economy might grow at an annual rate of as much as 2 per cent this quarter and 3.5 per cent between April and June, he said.

Many analysts, however, stress that the signs of recovery are still tentative, and caution that any upturn could prove short-lived, as occurred last year. US economic statistics are notoriously volatile.

Some analysts fear that growth of jobs and incomes will not be fast enough to support a sustained recovery of consumer spending.

Continued, Page 14

Treasury prices fall, Page 19

## Weekend FT

Tomorrow: The small investor's Budget guide: six pages of facts, figures and advice

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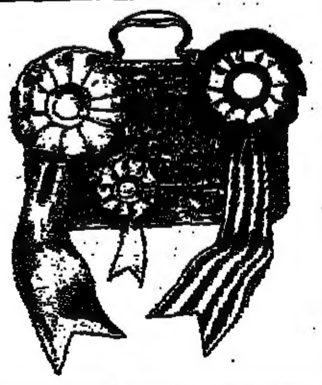
The girl who turned Nazi-hunter



CONTENTS

**Brazil borrows the image of famine-struck Africa**

Brazil's president Fernando Collor (left) has ordered the distribution of food baskets in the drought-stricken north-east, leaving himself open to the traditional charge of suppressing the population through paternalism

Page 5

MARKETS

**STERLING**
New York lunchtime:
$1.7145
London:
$1.7085 (1.725)
DM2.86 (2.87)
FFr9.705 (9.7475)
SFr2.5875 (2.6025)
Y229.25 (230.25
£ index 89.7 (90.3)

**GOLD**
New York Comex Apr
$348.0 (351.4)
London:
$347.7 (349.0)

**N SEA OIL** (Argus)
Brent 15-day Apr
$ 17.475 (17.4)

Chief price changes yesterday: Page 15

**DOLLAR**
New York lunchtime:
DM1.6675
FFr5.663
SFr1.509
Y134.05
London:
DM1.6735 (1.664)
FFr5.68 (5.65)
SFr1.5145 (1.509)
Y134.2 (133.55)
$ index 65.7 (65.3)
Tokyo close: Y134.0
US lunchtime rates
Fed Funds: $3\frac{15}{16}$%
3-mo Treasury Bills: 4.087%
Long Bond: $99\frac{3}{4}$
yield: 8.015%

**STOCK INDICES**
FT-SE 100: Yield 4.95
2,493.3 (−29.1)
FT-A All-Share:
1,199.62 (−1.2%)
FT-SE Eurotrack 100:
1,149.99 (−11.89)
New York lunchtime:
DJ Ind. Av.
3,203.94 (−4.69)
S&P Comp
403.56 (−0.47)
Tokyo: Nikkei
20,561.86 (−30.26)

**LONDON MONEY**
3-month Interbank:
$10\frac{11}{16}$% ($10\frac{5}{8}$%)
Liffe long gilt future:
Jun $94\frac{11}{32}$ (Jun $99\frac{7}{16}$)

**EUROPEAN NEWS**

# Russia's budget deficit soars to 10% of GNP

By John Lloyd in Moscow

RUSSIA'S budget deficit will be around 10 per cent of gross national product in the first quarter of this year, against a government target of 1 per cent, officials have told the cabinet, according to the daily newspaper Izvestia.

Efforts by Mr Yegor Gaidar, the deputy prime minister and finance minister, to reduce the deficit have been hampered by demands in parliament for higher welfare spending and lower taxes.

However, Mr Gaidar now seems ready to resist pressure from parliament, said Izvestia. The cabinet is said to be about to reinstate full value added tax of 28 per cent on food. Rates had been cut, or abolished, by the Russian parliamentary praesidium.

The cabinet is expected to cut defence and capital spending further.

It has already been heavily cut from last year's levels. The planned defence spending is expected to be reduced to 6 per cent of GNP – a fall of more than half of the estimated defence spending during Soviet days.

A dramatic fall in exports and the loss of export tax revenues was the main reason for the worsening deficit, according to the report of Mr Vassily Barchuk, deputy finance minister, to the cabinet.

The forecasts showed no bright spot in any part of the economy, with further rapid falls in all areas of production. Oil output is expected to fall this year by 14 per cent from last year's depleted levels; iron and steel production by 15 per cent; chemicals by 16 per cent and *food products by 18 per cent.*

Mr Ruslan Khasbulatov, a bitter opponent of Mr Gaidar, yesterday again called for a new prime minister and a change of government. He mocked the economic reformers, saying they were using the word "macroeconomy" as a kind of talisman, and were indifferent to the large falls in output.

Restructuring of industry to make it more competitive – often the only silver lining in a recession – had failed to materialise, the Izvestia report said.

Another official has forecast that Russia will be unable to pay off its external debt, of between \$70bn and \$80bn – because it had been loaded with the debt of former Soviet republics who could not or would not pay their share.

Mr Yuri Gromushkin, adviser to the minister of for*eign economic relations, added,* however, that "we cannot fully pay off all the external debt even as far as Russia is concerned".

# Demands grow for ex-Soviet army to leave trouble spots

By John Lloyd

PRESSURE is growing on the former Soviet army to pull all of its forces out of the three Caucasian republics of Georgia, Armenia and Azerbaijan.

Demands for a pull-out followed the capture, and subsequent release on Wednesday night, of 10 army hostages seized by Armenian militants at a base at Artik, near the Turkish border with Armenia. The Armenians demanded Grad rocket launchers and other military hardware, but the army would not say yesterday if these demands had been met in exchange for the soldiers' release.

They had been seized after fighting in which two soldiers and three Armenian fighters were killed.

Georgian police, meanwhile, reported that they had shot dead two former army soldiers, both Azerbaijanis, who were said to be running guns and ammunition from Georgia to Azerbaijan for use against the Armenians in Nagorno-Karabakh.

The *mood* for withdrawal was evident at a meeting yesterday of the Co-ordinating Council of officers of the Commonwealth of Independent States – the successor to the Soviet Union. Colonel General Bronislav Amilichev, deputy chief of staff, told the meeting that "no matter how events evolve, any withdrawal must begin with getting servicemen's families to safety, to save them from any trouble".

This echoed the call earlier this week by Mr Alexander Rutskoi, the Russian vice-president, who denied that any nuclear weaponry was at risk in the conflict and called for the army to return to Russia. "There is sovereign Azerbaijan, sovereign Armenia, sovereign Georgia, let them work it out among themselves," he said.

The Armenian side yesterday reported heavy rocket attacks on Stepanakert, the Nagorno-Karabakh capital, and a tank assault on the Armenian-held town of Askeran, close to the Karabakh border with Azerbaijan.

Mr Jiri Dienstbier, the Czechoslovak foreign minister who has been charged by the Nato co-operation council with leading a mediating mission to Stepanakert, said on Czechoslovak TV that the mission, by member countries of the Conference on Security and Co-operation in Europe (CSCE), could only go to Karabakh after a ceasefire had been declared.

# Moscow's scientists are wanted by China

CHINA WANTS to recruit scientists from the former Soviet Union for the first time since the 1950s when Moscow sent technical experts to help the fledgling communist nation, Reuter reports from Beijing.

A Russian embassy official confirmed yesterday that China and Russia were negotiating transfers to China of such experts, and of technology.

He had no details on what areas of expertise China, which is a nuclear power, was interested in.

"It's only the beginning of negotiations about this," he said. "We had such exchanges in the 1950s. Even now some personnel, mainly educational, are doing language studies in China."

The Soviet Union withdrew technical experts and development aid from China in the 1960s when the two communist giants split over ideology.

Washington has expressed its eagerness to enlist the services of scientists from the Commonwealth of Independent States, amid warnings that Third World nations might try to recruit some for their nuclear weapons programmes.

"China plans to import technology and recruit scientists from several independent states of the former Soviet Union this year," the official China Daily said yesterday.

China would make arrangements to recruit scientists from Russia, Ukraine, Belarus, *Uzbekistan and Kazakhstan,* the newspaper said quoting a report from a current conference of the State Science and Technology Commission.

China hoped an agreement on the exchange could be signed this year, it said.

Western nations have also announced plans to help prevent a drain of scientists from the CIS. The Organisation of Economic Co-operation and *Development said this week it* would boost scientific co-operation with eastern Europe. Russian officials say that 600 members of the Soviet Academy of Sciences alone had already signed contracts with mainly US research institutions.

# At least five killed after rockets hit Azeri town

ARMENIAN rocket attacks on the Azerbaijani town of Agdam yesterday killed at least five people and injured about 60, writes Jim Bodgener from Agdam, Azerbaijan.

The town's market, school and about 40 houses were hit. Ambulances, cars and jeeps were still bringing in the wounded to an improvised *hospital at the railway station* two hours after the second salvo at midday

The intermittent rumble of artillery duels echoed from the Karabakh mountains, about 8km from Agdam.

A school teacher said they had been attacked by "tanks with the help of uniformed Russians".

Chrystia Freeland adds from Kiev: Mr Leonid Kravchuk, the Ukrainian president, said yesterday that Azerbaijan had requested Ukrainian protection from what it described as "Armenian aggression".

Mr Kravchuk said Ukraine *would not become involved* militarily in the conflict.

He added, however, that it would put forward a peace plan at the March 20 meeting of leaders of the Commonwealth of Independent States in Kiev.

# A cheerful Armenian tries to survive in a hostile sea

**John Lloyd** reports from Baku on the threats of violence being faced by a dwindling minority

RAIR is not his real name, and he will not allow himself to be photographed. No surprise: he is one of the tiny number of Armenians still living in the Azerbaijani capital of Baku.

He is not leaving, and he is prepared to talk on condition of anonymity, but he does not want to take *too* many chances.

Rair lived through the anti-Armenian pogroms in Baku 15 months ago: he must now live, under his own Armenian name, under the shadow of the atrocities at Khodjaly, in Nagorno Karabakh, where an unknown number of Azeris were massacred by Armenian guerrillas.

A craftsman in a military plant repairing trucks in the *suburbs of Baku, he is a cheerful* man in his forties. But the account of his life shows what accommodations he must make to remain relatively secure in a hostile sea - chief among these being an acceptance, in public at least and perhaps privately too, of the Azerbaijani version of current events.

"I haven't suffered any trouble after Khodjaly. No-one said anything to me. But I'm a bit more fearful." He pauses, then adds: "Anyway, that's all wrong, what the Russian and western press writes. There were thousands killed there, massacred by these people (the Armenians). My son's friends told him about it." His son works for the Azerbaijani OMON, the special militia used for riot control and paramilitary tasks - some of whom are now deployed on the borders of Nagorno Karabakh. "He's an Azerbaijani now," says Rair. Clearly, his son's profession - which he mentions several times - serves as a shield.

*He knows of only a few* Armenian families left in the city, most of those, he thinks, of mixed Azerbaijani-Armenian marriages (his own wife is Russian).

"I've been here 14 years, and we Armenians were hundreds of thousands in the city. Now they've left: my brother left two years ago, I have another son in Armenia. But I tell you, if things were peaceful here, all of them would be back in a flash."

In his own plant, with some 500 workmen, the Armenians had made up 60-70 per cent of the workforce. Colonel Ernest Altman (who is Jewish), the director of the plant, says that "all left in the last three years. Now there is a terrible problem to replace them because they made up such a large proportion of skilled labour and professional people."

Asked about earlier Azerbaijani outrages, when mobs attacked and killed many Armenian residents in Baku, and before that in Sumgait, Rair takes the standard Azerbaijani line. "It was all exaggerated. In Sumgait, for example, a lot of the fighting was between the Armenians themselves. Yes, the Armenians did it themselves, much of it anyway. The press don't write about that."

His constant references to *the deficiencies of the western* press echo a standard, and aggressively repeated, complaint which Azerbaijanis direct at western journalists. Few can have read a word of western coverage: it is more a reflection of an assumption of pro-Armenian (Christian) bias, which is endlessly repeated.

"Still, I'm sorry that (former President Ayaz) Mutalibov is gone. He was a good man (a common opinion in Azerbaijan). Now, I fear the new people in power. I don't know what they will do. I've been here a long time, and I think I will end here. But not soon, I hope."

## Madrid faces challenge from the economic hub

# Catalan leader has sights set high

By Tom Burns in Madrid

Pujol: Poised to win his fourth successive mandate on Sunday

MR JORDI PUJOL, the leader of Catalonia's autonomous government since 1980, is poised to win comfortably his fourth successive mandate in Spain's richest community and is likely to emerge as an arbiter of domestic politics in the 1990s.

Opinion polls for Sunday's Catalan elections indicate that Mr Pujol's moderate nationalist coalition Convergencia i Unio (CiU) will increase its existing overall majority in the Barcelona-based 135-member parliament, taking up to 48 per cent of the vote, from 45 per cent in the 1988 election, and opening a 20-point gap over the second-placed Socialist party.

The expected result will reward Mr Pujol for consolidating both the wealth and the nationalist identity of Spain's *north-east corner,* an area that is larger than Belgium and whose 6m inhabitants represent 15 per cent of the Spanish population.

Styling itself as the economic hub of the western Mediterranean and fuelled by foreign, particularly Japanese, investment, Catalonia accounts for 27 per cent of Spain's industrial GDP. Its per capita income is 25 per cent higher than the national average and is only slightly below that of the European Community.

During his 12 years in power Mr Pujol, 62, has ably extracted growing administrative powers from the central government in Madrid and has single-mindedly promoted the widespread use of the Catalan language. Catalonia's government, the Generalitat, has some 100,000 employees on its payroll and runs one of the most efficient health services in the country.

Sunday's poll will also reinforce the position that Mr Pujol, who leads the CiU nationally and is the country's longest serving elected leader, holds as a potential power-broker in national politics. Spain's general elections, due next year, are likely to return a hung parliament.

The bloc of 18-20 members of Mr Pujol's CiU coalition in Madrid's national parliament *is courted by both the ruling* Socialist party of the prime minister, Mr Felipé González, and by the Partido Popular, the opposition conservative party.

Mr Pujol, an essentially pragmatic politician, is highly motivated by deeply held nationalist convictions that earned him a spell in prison in the 1950s during General Franco's dictatorship. He will undoubtably seek greater devolution in Catalonia.

# Inflation gloom for Spain's planners

SPAIN'S economic planners, who have identified inflation as the chief hurdle to convergence with the EC's leading economies, suffered a setback yesterday when the February consumer price index (CPI) showed a 0.7 per cent jump, writes Tom Burns. This took the accumulated CPI increase this year to 2.2 per cent and lifted year-on-year inflation to 6.8 per cent. The increase last month was well above predictions. Analysts had expected a rise of 0.1-0.3 per cent.

The increase will force the government to revise its target of a 5 per cent price rise by the end of this year. It is also likely to delay indefinitely any reduction in interest rates and it will fuel union demands to seek large pay increases in the annual spring round.

Analysts said that raised excise duties and value added tax levels which were introduced at the begining of the year had fed through into the February figures. Shares on the Madrid stock market index fell by just over four points in early trading but rallied slightly to end the day at 260.77, down 2.46 points.

Striking steel workers firing a home-made rocket at police in the northern Basque town of Llodio yesterday. They were protesting at the failure of negotiations over the future of the Acenor steel works which face closure with the loss of 1,800 jobs, Reuter reports from Madrid. Workers in the neighbouring region of Cantabria staged a strike called by the General Workers' Union, Spain's largest. Police said the protesters set up barricades of burning tyres in the town of Torrelavega.

■ Some 2,000 trucks were stranded in La Junquera, on the Spanish-French border, where French customs officials were on strike yesterday in protest at plans to abolish their work in the European Community's single market.

# Abandon Eurofighter project, says FDP leader

By Quentin Peel in Bonn

MR Otto Lambsdorff, leader of the Free Democrats (FDP) in Germany's ruling coalition, yesterday spoke out against the European Fighter Aircraft (EFA) being developed jointly with Britain, Italy and Spain.

His intervention in the debate over the fighter, known as the Jäger-90 in Germany, adds to growing resistance in political circles in Bonn to continued participation in the project, or at least in favour of sharply reduced German participation.

Mr Lambsdorff said he had long had doubts about the EFA, above all in the light of the transformation in the world security situation. Although he could not propose an obvious alternative – the EFA was designed as an air-to-air fighter specifically for the defensive role required by *the Luftwaffe* – "there is always an alternative".

He emphasised that if the German purchase of the aircraft were to go ahead, at the estimated cost of DM26bn (£9bn) in the long-term defence budget, "there would be such an imbalance between the three arms of the military that the Jäger-90 would damage our overall defence capacity".

Earlier Mr Lambsdorff told *Die Welt,* the conservative newspaper, it was clear that "the Jäger-90 will not be built, and I will certainly not vote for it".

The fate of the aircraft is still under debate in a working group representing all three parties in the ruling coalition, in which the FDP is the junior partner. The group meets again next week, and is supposed to report by the summer.

The Luftwaffe remains committed to the aircraft, although its budget is looked at with some fear by the other services. Airforce chiefs from the four nations this week confirmed their support.

## Rationalisation deal on railways and defence

# Italy's state sector shake-up

By Robert Graham in Rome

ITALY'S principal state holding company, IRI, and the third largest state industrial holding group, Efim, yesterday announced agreement on a significant rationalisation of their interests in railways, mass-transit and the defence sector.

This is the first serious move to co-ordinate the activities of state companies operating in similar sectors of advanced technology in an attempt to make Italian industry more competitive in international markets. It also involves parts of the private sector.

The move, first mooted five years ago, also breaks new political ground since IRI and Efim have jealousy guarded their independence, being respectively controlled by Christian Democrat and Socialist appointees. The combined sales of the new consortium in the railways sector are worth L1,500bn (£693m).

The logic of the move is the eventual disappearance of Efim, burdened by over L6,000bn of debt, mainly because of accumulated losses in the aluminium business.

Yesterday's agreement involves two separate but similar arrangements. The first concerns railway rolling stock, engines and mass-transit systems. Under this IRI's engineering subsidiary, Finmeccanica, will form a joint management consortium through Ansaldo Transporti with Efim's transportation subsidiary, Breda CF and the privately owned, Firema group.

This link will be reinforced by a mutual exchange of shares of up to 20 per cent in one direction via Ansaldo Transporti and Breda CF, and in the other via Aviofer Breda and Ansaldo Transporti. Both the latter will in turn acquire a stake in Firema. The value of the shareholdings is still to be assessed.

The main absentee from the deal is Fiat's railway's division, Fiat Ferroviaria, which has opted at the moment for a technical co-operation agreement with France's Alsthom. However, IRI officials hope this rationalisation will bring Italy into line with alliances already made in this sector in Europe – notably Alsthom and GEC, Siemens with a number of small German groups including Kraus Mafei, and Sweden's Asea with Switzerland's Brown Boveri to form Abb.

In Italy alone over the next eight years the national railways, FS, are expected to place orders worth L12,000bn. Finmeccanica recently signed a technology agreement with Siemens for the production of carriages and traction; while Efim has signed a letter of intent to co-operate with Abb.

The second part of the agreement, concerning the defence sector, involves Efim and Finmeccanica forming a joint partnership to pool resources in defence avionics and aircraft protection systems.

However, details of share swap arrangements have yet to be worked out.

Beyond this, Efim, through its stake in the jet trainer manufacturer, Sai Marchetti, and Finmeccanica, through its minority holding in the jet trainer manufacturer, Macchi, will work on a plan of joint industrial development.

# Mafia assassinates Euro MP

By Robert Graham

THE assassination in Palermo yesterday of Mr Salvatore *Lima, a prominent Christian* Democrat politician and European member of parliament, brought Mafia violence to the forefront of the campaign for Italy's general elections on April 5.

He was gunned down inside his car by two men on a motorcycle near his home on the outskirts of Palermo in a well prepared operation. His driver was slightly injured by glass and another passenger was unhurt.

His killing followed the murder on Wednesday at Castellmare di Sabbia, near Naples, of Mr Sebastian Corrado, a leading local councillor belonging to the Party of the Democrat Left (PDS) who had denounced activities of the Naples *camorra. In* another development, police yesterday found the body of Mr Luciano Carugo, a Milan businessmen with large construction interests who had disappeared two days ago.

Mr Lima, three times elected to the Italian parliament, was a former mayor of Palermo and on the national executive of the Christian Democrat Party. He was the second Christian Democrat mayor of Palermo to have been murdered since 1984. The anti-Mafia commission in Sicily issued a statement saying: "The fact that this happened three weeks before the elections suggests that the killing was an attempt to influence the election campaign."

Mr Lima was a controversial figure.

On at least four occasions parliamentary commissions in the 1970s had unsuccessfully attempted to investigate his connections with the construction business while he was in the Palermo municipal administration.

Italian politicians universally condemned his killing yesterday, but several reactions were cautious.

"Faced with the killing of such a controversial political figure, I can only express human sympathy," said Mr Giorgio La Malfa, leader of the Republican Party.

# Computing services seek EC influence

By Alan Cane and Paul Taylor

EUROPE'S leading computing services companies have joined forces in an attempt to influence the way the European Commission distributes research contracts for information technology projects. They have formed an informal association, known as the Group of Six, with the aim of counterbalancing the influence of the main hardware manufacturers whose views and advice have traditionally weighed heavily with the Commission.

The hardware manufacturers, including Groupe Bull of France, Siemens of Germany and Olivetti of Italy, are *known as the Group* of Twelve. Their advice is automatically sought by the Commission on important community research projects including Esprit and Race.

Members of the six are Sema Group of the UK/France, Logica of the UK, CGS of France, Finsiel of Italy, Eritel of Spain, Debis of Germany and Volmac of Holland. CGS and Debis are part of the same group.

The computing services industry covers a range of activities including software development, processing and facilities management. It has always taken second place to hardware manufacture in revenue terms, but has assumed a new importance as profit margins on computer hardware have declined.

Mr Phillipe Dreyfus of Cap Gemini Sogeti, Europe's largest computing services company, is chairman of the year-old group, which, he insists, is not a consortium formed to fight for contracts but an advisory body to give the computing services industry a European voice. The problem had been, he said, that the industry comprised several thousand small companies with no clear focus. The answer had been to limit membership of the *Group of Six to one* company per country.

Others argue, however, that the intention of the group is to secure a larger share of community funds for its members and ensure they play a more active role in EC research and development programmes.

Mr Hubert Tardieu, corporate technology director, of Sema, said the group would submit research proposals to *the Commission* on the "European Nervous System", a pan-European computer network designed to facilitate community-wide activities such as customs and excise.

While funding for the network has not been settled, the three main hardware companies are setting up joint laboratories to help capture a large slice of the project.

# Strasbourg move on data protection

THE European parliament has voted to water down European Commission proposals for stricter protection of personal computer data in the European Community, writes Andrew Hill in Strasbourg.

The parliament's vote is the first shot in what is likely to be a battle over the heavily-lobbied measure between member states, some of which back stricter data protection, the Commission and MEPs. The measure now goes to member states for discussion.

# Support for Irish protocol

MEPs yesterday sought to safeguard Irish women's rights as EC citizens, and backed Irish government attempts to renegotiate the anti-abortion protocol to the Maastricht treaty, writes Andrew Hill. This follows last month's controversy over a 14-year-old rape victim.

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WORLD TRADE NEWS

# Delta deal fuels Airbus-Boeing subsidy row

TENSIONS in the transatlantic dispute over Airbus aircraft subsidies have been heightened following complaints by Boeing that its European rival won a $675m (£388.5m) order for nine Airbus A310 aircraft from Delta Air Lines last week by providing the third largest US carrier with creative lease financing, writes Paul Betts, Aerospace Correspondent.

But Airbus yesterday denied providing Delta either special leasing terms, or a so-called "walk away" clause, emphasising that it was "an outright purchase".

Boeing, the world's largest commercial aircraft manufacturer, claimed in the US this week that Airbus had offered bargain-basement lease terms to Delta to clinch the A310 order against a rival offer by the Seattle manufacturer for Boeing 767-300 extended-range aircraft.

Boeing said it planned to complain to the US government as part of its case against Airbus government subsidies. The latest controversy coincides with an imminent showdown between the US government and the European Commission on the eight-year-old dispute.

The US has set a deadline of March 31 to resolve the controversy and has warned it would consider taking either unilateral action against Airbus or lodge a formal complaint with the subsidies committee of the General Agreement on Tariffs and Trade (Gatt).

*The Delta contract* has further inflamed the dispute because the deal represents a significant inroad for Airbus into the US market at a time when large aircraft orders are rare.

Mr Jean Pierson, Airbus managing director, said this week he feared the US was hardening its stance in negotiations over subsidies: "I have the feeling the Americans are no longer seeking a compromise and that they believe Europe is too weak to react in an election context which weakens the French and British governments," he said.

"I fear they may have chosen to force matters, either by suspending talks, or by submitting a complaint before Gatt, or by taxing European aircraft."

While denying that the Delta deal involved any special lease agreements, a senior Airbus official claimed yesterday that US aircraft manufacturers had offered customers "walk away" clauses in the past.

These clauses enable an airline customer to return aircraft to the manufacturer after a set period of time.

Airbus has already won big orders from American Airlines, Northwest Airlines, Continental, TWA and now Delta.

Boeing claimed it could not match the Airbus-Delta deal which had reinforced its concerns about Airbus subsidies. But Airbus reiterated its own complaint about Boeing's "special relationship" with British Airways which led to a big BA order for Boeing 777 airliners last summer. Boeing had also beaten Airbus on an order from Emirates, the Dubai-based airline, because the European consortium could not match "the predatory pricing" of its US competitor.

# Gatt warns on US retreat from multilateralism

## Frances Williams reports on the latest review of US trade policy

THE FUTURE of the stalled Uruguay Round of global trade talks and Washington's new-found enthusiasm for regional trade agreements dominate the worry-list of the General Agreement on Tariffs and Trade in its latest review of US trade policy published yesterday.

While high hopes are pinned on a successful outcome of the five-year-old Round to strengthen Gatt and underpin economic reform in eastern Europe and developing countries, the report notes growing concern about erosion of basic Gatt principles by the three "isms" – regionalism, bilateralism and unilateralism – as well as various forms of "managed" trade. All are prominent features of US trade relations.

Discussion of the report in Gatt's governing council this week reflected the fears of many countries that Washington's commitment to an open world trading system is weakening. Frustrating squabbles with trading partners, especially Japan and the European Community, and a weak domestic economy have multiplied the voices in the US, in the run-up to the presidential election in November, calling for protection.

In fact, as the Gatt report makes clear, it is the tone rather than the substance of US trade policy that has changed – at least for now. But as the world's largest economy and biggest trader, the US "has a major responsibility for maintaining and reinforcing the faith of the international business community in the open, liberal multilateral trading system", Gatt says.

In particular, Gatt is worried by the potentially adverse effects of preferential regional trading arrangements, such as the proposed North American Free Trade Arrangement (Nafta) and the various deals with central and south American countries envisaged under the "Enterprise for the Americas Initiative".

The impact on world trade could be far-reaching. The three Nafta countries – Canada, Mexico and the US – have a combined population of 360m and a total output of $6,000bn; Canada and Mexico are already America's biggest individual trading partners. Given the size of the economies involved, third countries could be harmed by trade diversion, the report says, though it acknowledges that the US has pledged to follow Gatt rules in drafting free trade accords.

"The possible emergence of a complex network of preferential programmes covering the American continent could further undermine the most-favoured nation principle."

Gatt also notes that since its last report on the US in 1989, Washington has taken a "measured approach" to use of its unilateral powers under the controversial "Section 301" of the 1988 Trade Act and similar procedures. No retaliatory action against "unfair" traders has been taken in the past two years.

Nevertheless, Washington is still using threats of unilateral action, notably against countries with allegedly inadequate standards of intellectual property protection. One major source of friction in the Uruguay Round has been the US refusal to abandon its right to take unilateral measures as part of an accord on a speedier and more effective multilateral disputes settlement procedure, though Washington has agreed not to use Section 301 before the new Gatt procedures are exhausted.

The US also comes under fire for its frequent use of anti-dumping and countervailing duty actions, with more than 200 orders in force in mid-1991, some dating back to the 1960s and 1970s.

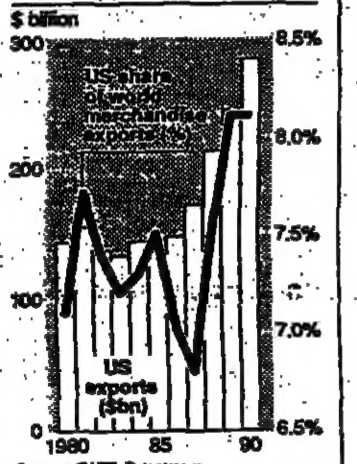
Though the share of total US imports directly affected by such duties is minuscule (less than 0.5 per cent), Gatt says the uncertainty generated may have led trading partners voluntarily to restrain exports or to price their goods "defensively" or to conclude bilateral deals with the same effect. The report quotes research suggesting that nearly half of all anti-dumping and countervailing duty investigations have been terminated by bilateral pacts, especially in the steel and semiconductor sectors.

Most of the sectoral voluntary restraint arrangements noted by Gatt in 1989 remain in force, the report says, including those for steel (though these are due to be terminated), machine tools, and textiles and clothing. In addition, the new pact with Japan on semiconductors, aiming at a 20 per cent foreign market share, "has raised the question of whether US trade policies have moved further towards 'managed' trade".

For all the moans, as Mr Rufus Yerxa, US ambassador to Gatt, stressed in his opening remarks to the Gatt debate, the US has one of the world's most open economies with generally low tariffs (averaging about 5 per cent on a trade-weighted basis), relatively few import restrictions, and relatively low farm subsidies. The Bush administration remained committed to a strengthened multilateral trading system.

See feature: A free trade disagreement

**US trade**



Source: GATT, Datastream

# Miti denies US chip agreement close to collapse

By Robert Thomson in Tokyo

A SENIOR Japanese trade official yesterday condemned suggestions by US semiconductor companies that a bilateral agreement on foreign access to Japan's chip market is close to collapse.

Mr Noboru Hatakeyama, vice-minister of international trade and industry, said the comments by members of the US Semiconductor Industry Association (SIA) were "unhelpful" and did not reflect the chip pact's "spirit of co-operation".

"Japanese companies are trying hard to fulfil their obligations. US companies also have obligations," Mr Hatakeyama said.

He was referring to the ongoing argument between the two industries over whether US producers are trying hard enough to penetrate the Japanese market.

Mr Hatakeyama said the Ministry of International Trade and Industry (Miti) would be holding a regular meeting with Japanese chip consumers, beginning soon, and would urge them to increase their purchases of foreign products.

Miti insists that a target of a 20 per cent foreign share by the end of this year is just a target, and that it is too early to tell if the five-year chip pact, concluded last June, is a failure.

The foreign share stands at around 14 per cent, compared with 13 per cent at the end of 1990, and 8.6 per cent in 1986 – when the first five-year pact was completed.

Ministry officials are angered at the interpretation by the US industry of the 20 per cent share as a specific promise.

They point to the wording of the bilateral agreement, which states that the 20 per cent is recognised by Japan as a US industry expectation, but is "neither a guarantee, a ceiling, nor a floor on the foreign market share".

The US semiconductor industry has raised the prospect of sanctions against Japanese products, if market access fails to improve.

Miti believes that the US industry, which sent a delegation to Washington this week, will be unable to convince the US government to impose sanctions.

# Japan agrees limited increase to cartel fine

JAPAN's ruling Liberal Democratic Party and the Fair Trade Commission (FTC) have agreed that the maximum fine for violators of anti-monopoly laws should be raised from Y5m (£22,000) to Y100m, far below the Y300m earlier proposed by the FTC, writes Robert Thomson.

Senior politicians told the commission that they would not approve the introduction of legislation containing penalties of above Y100m, as Japanese companies had complained to the ruling party that the FTC's proposal was excessive.

The US had demanded that Japan revise the schedule of fines for violators and increase the staff at the commission – which has been condemned by corporate Japan for being too vigorous in its pursuit of offenders.

In reaching the Y100m figure, Japanese officials attempted to balance their responsibilities to politically influential companies and to the US, which has complained that cartels are common in Japan, making foreign market access difficult.

It is expected that the legislation will be presented to parliament later this month.

# French group to invest in east Germany

L'AIR LIQUIDE, the French industrial gases group, has announced that it is to invest more than FFr1bn (£100m) in eastern Germany over the next three years, strengthening France's position as the region's leading foreign investor, writes William Dawkins from Paris.

The group has acquired a site at Bohlen, near Leipzig, from the Treuhand privatisation agency, where it plans to open a plant next year. It also intends to expand three other east German acquisitions: Chemiehandel, an industrial gas distributor; and producers Tega Berlin and Tega Leipzig.

L'Air Liquide forecasts 10 to 20 per cent annual growth in the German market for industrial gases, of which it has 12 per cent. It has recently signed large contracts to supply nitrogen to Flachglas, the German subsidiary of Saint Gobain, the French glass maker and to Sow, a chemicals group near Bohlen.

French companies had invested FFr7.7bn in eastern German privatisations by the end of January, far less than German investors – at FFr365bn, or just over 90 per cent of the total – but ahead of the US with FFr5.2bn and Britain with FFr4.45bn.

# India urged to defer 20% tourist tax

UK-BASED travel companies have written to the Indian government warning that a proposed 20 per cent expenditure tax on hotel food and accommodation for foreign visitors could damage the country's tourist industry, writes Michael Skapinker.

The protest against the tax, led by Cox & Kings, the market leader in Indian holidays, has been supported by Thomas Cook, British Airways Holidays, Kuoni and others. The International Federation of Tour Operators has warned that the tax could cut the number of foreign visitors to India.

In letters to Mr Manmohan Singh, India's finance minister, and Mr Madhavrao Scindia, civil aviation and tourism minister, Mr Peter Kerkar, Cox & Kings' chief executive, said much of the increase in costs caused by the tax would be passed on to consumers, adding: "the foreign exchange generated ... will be affected by the negative impact that this levy will have upon new business."

Mr Kerkar asked India to consider deferring the tax until the end of 1993, so that it could be included in new brochures, and to reduce its level. Britons made up about one-fifth of the country's 1.2m visitors, he said.

# Japanese fear trouble as trade surplus soars

By **Robert Thomson** in Tokyo

THE Japanese government, reacting to the surge in the country's trade surplus, said yesterday it would intensify attempts to strengthen the yen and consider new means of stimulating a slowing domestic economy.

The Ministry of Finance and the Ministry of International Trade and Industry (Miti) said that the yen, which closed at Y134 to the dollar in Tokyo, was "unacceptably weak". Their comments came after the announcement of a record monthly surplus of $10.2bn for February.

Mr Noboru Hatakeyama, Miti's vice-minister for international affairs, said yesterday the present trend of the surplus, which is on course to surpass the record of $82.7bn in 1986, "will cause a lot of trouble for us".

"We have to maintain our domestic demand-led economy, and we have to strengthen our micro-level import promotion efforts," said Mr Hatakeyama, who fears that trade friction will rise in tandem with the surplus. He is also "not happy" about the yen's weakness, and hinted that the currency should be around the Y120 level.

The February trade figures showed sharp increases in exports by the electronics and car industries, which had been warned by Miti in the late 1980s to exercise caution in expanding their production facilities. Despite that advice, new orders for machinery rose by a striking 25.2 per cent and 17.5 per cent in 1988 and 1989, and the slowdown in the domestic economy has left companies with surplus production capacity.

While careful not to condemn particular industries, Mr Hatakeyama said "some sectors had invested excessively", and that this past expansion of capacity was prompting companies to increase exports this year.

"It seems to be true that they invested heavily because they enjoyed low-cost equity finance. Of course, if we look at the other side of the coin, it was good for us to see this strong growth in our economy," he said.

He said that the ministry would not advise companies to restrict exports because such guidance would violate Gatt rules.

# Devaluation results in a stern test for Lagos

By **Michael Holman** in Lagos

RISING consumer prices and a weakening naira were being closely monitored by Nigeria's military government yesterday as the market responded to last's week's decision to float the national currency.

Foreign exchange bureaux in Lagos valued the naira at between 19.50 and 19.75 to the US dollar, down from Monday's Central Bank fixing of 18. The rate was 10.6 naira to the dollar before last Thursday night's announcement. The bureaux do not set the official rate, which will be done each Tuesday by the Central Bank in response to demand, but they are an important market indicator.

Uncertainty about the implications dampened initial responses to the devaluation, but prices of many items, with and without an imported content, have started rising sharply over the past 48 hours.

Government officials point out that the prices of many goods already reflected the premium on scarce foreign exchange, and were hoping that post-devaluation increases would be comparatively modest. The cost of domestically produced staple foods, they say, should change significantly. Lagos bankers believe the naira should stabilise, and perhaps recover slightly, as a liquidity squeeze and other measures – including promised curbs in government spending – take effect.

But a testing period lies ahead, in which government will come under pressure to back down from a decision widely seen as causing Nigerians more pain, with no gain.

Neither the local press nor the government have linked the devaluation to terms for a new stand-by agreement with the International Monetary Fund, which would pave the way to further external debt rescheduling.

# Unemployment rate rises to 10.5% in Australia

By **Kevin Brown** in Sydney

AUSTRALIA'S unemployment rate rose to 10.5 per cent in February from a revised level of 10.4 per cent a month earlier, according to figures released yesterday.

Unemployment remained below the post-war record of 10.6 per cent, reached in December, but the increase suggested that the slight fall in January was an aberration.

Mr Kim Beazley, the employment minister, said unemployment was "on track" to reach 10.75 per cent in June, the level foreshadowed in the government's budget last August. "That is not a source of joy; it is not an acceptable situation, and clearly we have to have policy settings right to bring that down," Mr Beazley said.

Economists said the fall in the number of employed people was slowing down, although the improvement would not be sufficient to absorb increases in the labour force over the next few months.

The expectations are that unemployment will peak at around 11 per cent towards the end of the year. That would imply double digit figures in the run up to the federal election, which must be held by mid-1993. Private economists remain divided about whether recent improvements in some leading indicators reflect the beginning of a recovery.

# Deng scores economic reform coup

## China's top leader has stolen a march on party hardliners, writes **Simon Holberton**

"ANY Chinese looking at it would know, without even reading the text, that something significant had happened," said a western diplomat in Beijing yesterday.

The "it" he was referring to was the front page of yesterday's People's Daily (Renmin Ribao), the newspaper of the Chinese Communist party.

Occupying the top half of the page was a report – with eight decks of headline – of a full Politburo meeting that took place on Sunday and Monday of this week. "The party's basic line should be adhered to for 100 years," said the main headline. "Grasp the chance to speed up reforms and opening up [to the west] so as to improve the economy."

This story was carried by every party newspaper in China yesterday, giving it a theoretical readership of more than 1bn people. Diplomats can not remember an occasion since the Tiananmen massacre of June 1989 when the People's Daily gave such prominence to a meeting of the Politburo.

The article is the outward expression of a struggle that has been taking place for at least two months at the highest level of the party.

The debate is about the pace of economic (not, of course, political) reform and the degree of foreign participation China should allow. Equally, it is about who will lead China into the 21st century.

At an economic level, the debate seems to have been resolved in favour of the line advocated by Deng Xiaoping, China's 87-year-old paramount leader. As the paper said yesterday: "Borrow and absorb from other countries, including western developed countries, their advanced methods of running business and management skills."

China's managers will have to grab that opportunity with both hands. Since 1988 China's state companies have amassed losses of Yuan31bn (£3.3bn) and debts to each other far in excess of that. Along with price reform, there is the pressing problem of China's bloated and inefficient state industry.

What is still unclear, however, is what the economic reform means for the political future of China's party hardliners. These men and women have opposed quickening the pace of economic reform. Others fear that "opening up" to the west risks the importation of western ideas as well as western technology and capital.

The People's Daily said: "Be wary of the right, but mainly be guarded against the left" – the first high profile reference to the left (hardline faction) for years. It may mean a "soft" purge of anti-reformist elements in the leadership is in the offing.

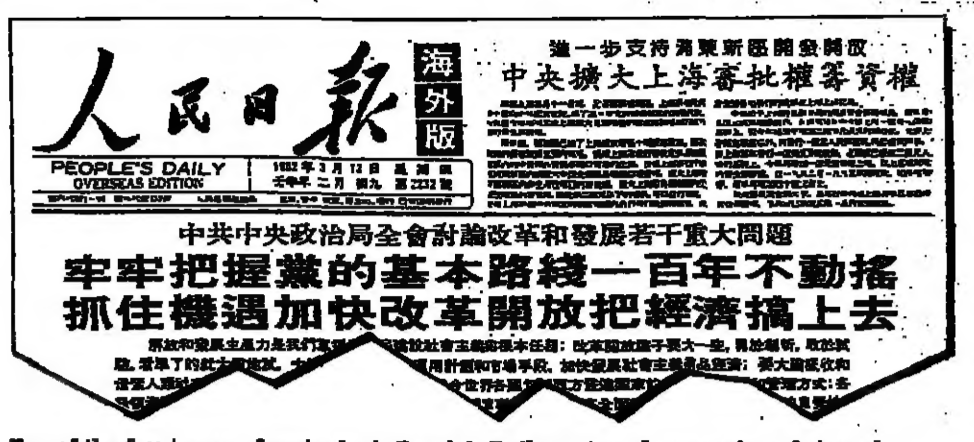
This, if it happens, will be played out in the coming months as the 14th party congress nears. The congress, due this autumn, will decide the composition of the new central committee and the politburo – in short, who will run China for the next five years or more.

Party committees in the provinces are in the process of choosing delegates, so Deng's intervention is seen as an attempt to influence the choices.

The struggle first came to light at the beginning of this year when Deng went to southern China and praised the economic development in the region. This trip culminated in a letter he wrote to the Politburo and circulated among top officials.

Much of this document has leaked out in the Hong Kong Chinese-language press over the past two weeks and it is remarkable how close yesterday's story in the People's Daily follows what the colony's press has reported of Deng's letter.

If these reports are correct, China's bureaucrats will soon be reading reassuring noises from Deng about the merits of foreign investment.



Top of the front page of yesterday's People's Daily: outward expression of struggle

An Israeli soldier points his rifle at a Palestinian man in bed in the town of Jenin yesterday during a crackdown on armed militants in the occupied West Bank, official military sources said yesterday, Reuter reports from Jerusalem. The soldiers killed a Palestinian gunman and wounded three in the two-day action. Dozens were detained in the search-and-arrest operation in the area of Jenin, a flashpoint of armed clashes between Israeli troops and Palestinians. Residents were confined to their homes under a curfew order. The operation appeared to be a response to recent Palestinian attacks.

# Iraq gives ground over oil-for-food

By **Michael Littlejohns** at the United Nations, New York

IRAQ AGREED yesterday to resume talks with the United Nations on the sale of limited quantities of its oil in order to buy needed food and medicines.

At the same time, Mr Tariq Aziz, the Iraqi deputy foreign minister, renewed objections to the terms set by the Security Council, on the grounds that these infringed upon Baghdad's sovereignty.

Although both the US and Britain have suggested the adoption of a new resolution to replace one that expires next week and permits Iraq to ship $1.6bn (£900m) worth of oil, Mr Aziz opposed that course. "We can deal with this in a dialogue with the Secretariat, rather than going back to the Council," he insisted.

After inconclusive meetings in Vienna with Mr Kofi Annan, a high UN official, the Iraqi side broke off oil talks last month. In giving ground, Mr Aziz last night raised the possibility of allaying western suspicions that the proceeds of oil sales might be diverted to military purposes.

He said Baghdad was willing to sell the oil to Security Council members, including the US, Britain and France – with which Iraq had extensive trade links before sanctions. Iraq would then purchase food and medicines from them.

The Iraqi leader made the proposals in a detailed response to the litany of complaints addressed to him on Wednesday, even before he asserted that Baghdad had met its ceasefire obligations and ought no longer to be subjected to "siege". The Council rejected this contention.

In his latest remarks, which he extemporised while referring repeatedly to the 11-page Council indictment, Mr Aziz affirmed that all Iraq's weapons of mass destruction had been destroyed. As for other prohibited weapons programmes, it was ready to make "a full, complete and comprehensive declaration and disclosure."

Replying to the Iraqi statement Mr Thomas Pickering, US delegate, termed it a repetition of much that had been said before although there were some changes that were welcome. In particular he mentioned Iraq's willingness to meet the UN again on the question of oil sales.

# Assad assails west's curbs on weapons sales to Arabs

By **Tony Walker** in Cairo

SYRIA'S President Hafez al-Assad yesterday bitterly criticised western attempts to deny Arab countries advanced weaponry, while allowing Israel to continue to develop its arsenal of modern weapons.

"That is not international legitimacy. That is the law of the jungle, the law of wild animals," Mr Assad said in a speech marking his swearing in as president for a fourth term. Mr Assad also denied that a North Korean ship, which docked earlier this week at the Iranian port of Bandar Abbas, was carrying improved Scud-C missiles for Syria.

"These ships they are talking about are not carrying missiles to Syria," he declared. "Everything you have heard is untrue."

The US, which had come under intense pressure from Israel to stop the ship, said it had eluded surveillance by hugging the Iranian coast. But it seems more likely the US decided not to intercept the North Korean vessel to avoid an international incident.

"If they want to limit arms, the Israeli factories which produce the nuclear bomb, tanks, missiles and electronics should be closed," he declared.

# Germiston swallows its fear of black domination

"IN MY heart, I'm right wing. But if I use what's between my two ears, I have to vote yes and face the future." Oom Hannes Booysen commits himself to vote "yes" in South Africa's white referendum, with a deep sigh and an abiding anxiety.

None the less, he – a branch chairman of the ruling National party in the Johannesburg suburb of Germiston – is about the best the National party can hope for: a voter who swallows his reservations, suppresses his economic grievances against the government, and casts a vote for reason.

But Oom Hannes's support for the "yes" campaign – like that of so many other "yes" voters – depends crucially on a vision of *the future in which* the National party retains a huge share of political power, at least equal to that of the African National Congress. It depends on a belief that standards will not fall substantially in white education or health care.

For President F W de Klerk will not succeed in gaining the landslide victory he has demanded from whites unless he can convince them that he can prevent reverse apartheid – the domination of whites by blacks.

On Wednesday night, in the *dormitory suburb of Germiston*, his plan was put to the test before a group of National party voters gathered in the home of Oom Hannes for a "house meeting", the traditional tool of the white South African politician.

**Patti Waldmeir** visits a 'house meeting' to hear South Africans debate the whites-only referendum

Mr Derek Christophers addressed the meeting; he is National party MP for Germiston, which he describes as the Pittsburgh of South Africa, a metal-bashing centre down on its luck, where 60 per cent of the 110,000 residents are working class and suffering deeply from a three-year recession. Mr Christophers is an English-speaker (35 per cent of Germiston speak English) but everyone gathered in Oom Hannes's sitting room was Afrikaner.

Mr Christophers was adamant on the question of domination: "There is not a *chance* that we are going to be dominated, not a chance. By the time we vote in 1994, there will be 13m voters: 3.5m whites, 8m Zulus, 1m coloureds and ¾m Indians. Taken together, that's already more than the voters of the ANC."

Rank and file National party supporters believe fervently that such a multi-racial coalition can be formed at the centre of South African politics – and that the country's black tribes are too fractious to unite outside it. This is the logic of apartheid: that blacks are terminally divided against themselves, and must be kept separate from each other as well as from whites, just to keep the peace. But National party voters believe it will still operate to their advantage in the new South Africa.

Still, Oom Hannes and his more liberal neighbour, Mr Chris Geyer, a retired dentist, agree they are very worried about domination. "What's going to happen if they (a black government) tear up the *constitution* and the bill of rights?" asks Oom Hannes, echoed by Mr Geyer, who adds: "There's no constitution that can prevent domination".

Pieter, a businessman, consoles them by assuring them that blacks are so divided they could not even agree to tear up a constitution, let alone to govern. He believes that whites need not fear the threat of communism from the ANC – the biggest bogey of most white voters – arguing that only the ANC's rhetoric is socialist. He, along with the others in the room, make the big leap of faith to believe the National party will defeat the communists in the ANC.

Oom Hannes does not seem so sure. But of one thing he is certain: white sportsmen will succeed, against the odds, in persuading blacks to accept the Springbok as the country's national sporting symbol. Some of the company seem to believe the South African flag might also survive, possibly even the national anthem, Die Stem – seemingly unaware of the obvious anger these symbols provoke in blacks.

But Mrs Sonet Jordaan, *young* mother of a four-year-old son, sums up the feeling of most of Oom Hannes's visitors: "The referendum is in God's hands now. He will decide. He knows what is best for South Africa."

# East Asia arms build-up is other side of peace dividend coin

## Weapons makers turn to Pacific's western shores to compensate for declining business elsewhere, writes **David White**

ASIA LOOKS likely to see the fastest growth in military spending of any area of the world up to the end of the decade. Facing declining business in North America and Europe, arms manufacturers are plying the route to growth markets on the western shores of the Pacific.

Since 1988 developing countries in south and east Asia have overtaken the Middle East in purchases of weapons, according to the Stockholm International Peace Research Institute (Sipri).

At a recent Singapore conference on Asia-Pacific defence, senior officials and academics from 10 countries in the region underscored the extent of military modernisation plans.

Dr Yeo Ning Hong, Singapore's defence minister, predicted a continued rise in the region's military outlays. He cited widespread fears – despite reassurances by Washington – that US involvement would continue to shrink. Japan, he said, might then feel compelled to arm to safeguard trade routes, prompting a "chain reaction" from the Chinese and Koreans.

"No country in south-east Asia is overjoyed with the reduction in US presence," he warned. "None of them has declared a peace dividend. None has reduced its defence expenditure."

An impressive array of sophisticated armoury is being acquired. Ten countries in the region have warships armed with French Exocet or US Harpoon anti-ship missiles, or both. Indonesia, Thailand, Singapore and South Korea all have US F-16 fighters. Around them, Japan is equipped with US F-15s, Australia with F-18s, India with MiG-29s and French Mirage 2000s, and China is buying Russian Su-27s.

In the five years to 1990, according to Sipri, India and Japan were the world's biggest importers of large conventional weapons. During the same period, five other Asian counties – North and South Korea, Pakistan, Taiwan and Thailand – all imported more arms than Libya.

Annual US military sales to east Asia and the Pacific have been running at more than $3bn, but face strong competition from Europe and from local industries.

South Korea has ordered 120 F-16 jets in a $5bn deal, as well as US Black Hawk helicopters, British Lynx helicopters (already delivered), British Hawk jet trainers, Mistral ground-to-air missiles from France and submarines from Germany.

Taiwan, looking to European shipyards to update its navy, has also shown interest in German submarines. It has two Dutch submarines and was reported to be considering more, but the Netherlands has vetoed any new sales to protect its relations with China. France has hit on a compromise by selling six frigates to Taiwan without weapons.

*Most members of the Association* of South East Asian Nations (Asean) – comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand – are also actively arming. Thailand is the biggest military spender of the group, embarking on what Mr Sukhumbhand Paribartra, director of the Institute of Security and International Studies at Bangkok's Chulalongkorn university, describes as "the largest arms procurement programme in the kingdom's history". This is despite the outbreak of peace in Indochina and the withdrawal of Russian warships from Vietnam's Cam Ranh Bay base.

Thailand has switched from reliance on Chinese weapons to US army surplus and more state-of-the-art weapons. It has ordered a helicopter carrier from Germany, Swiss *trainer aircraft and in addition to its* US F-16s has been dithering over procurement of a light strike fighter.

Mr Sukhumbhand says the plans partly reflect a "bureaucratic momentum" built up during the 1980s.

Indonesia has received the sixth in a series of second-hand Dutch frigates and is considering buying and co-producing British Aerospace Hawks. Singapore is completing a fleet of six German-design missile corvettes.

Malaysia was to have bought Tornado strike jets from Britain but changed its mind and ordered 28 Hawks instead. It is in protracted discussions over two corvettes which would bring its purchases from the UK under a 1988 arms supply agreement to more than £1bn. It is meanwhile considering another aircraft buy – possibly one or two squadrons – and is studying the Russian MiG-29 as well as US and French options.

Brunei also wants Hawks from the UK, providing its air force with its first jet aircraft. But, along with plans for three offshore patrol vessels, it has delayed the purchase.

Western military consultants in Asia find the rationale for new weapon acquisitions – other than sheer prestige – in many cases unclear.

Vice Admiral Soedibyo Rahardjo, chief of Indonesia's general staff, said the Asean countries felt menaced not by a definite military threat but by uncertainty about how the balance in the region would evolve between the US, Russia, Japan, China and India.

New US "access facilities" are being set up in south-east Asia to compensate for the withdrawal, at Manila's behest, of forces from the Philippines, where the US Navy is due to complete its pullout from Subic Bay by the end of the year.

Singapore has agreed arrangements for rotating deployments of US fighters, port calls and the transfer of a naval logistics branch from the Philippines. Malaysia is to let US ships use a naval repair yard. Expansion of arrangements with Thailand is under discussion. According to Vice Admiral Soedibyo, Indonesia could in future also provide maintenance facilities.

A continued US presence is seen as preventing a "power vacuum" which would encourage the flaring of tensions in a region henceforth bristling with new weaponry.

## JAPANESE DEFENCE GROUP FINED OVER ILLEGAL ARMS SALE

JAPAN Aviation Electronics Industry, a defence equipment maker affiliated to NEC, the electronics combine, has been fined $15m (£8.5m) for illegally selling US military technology to Iran, Stefan Wagstyl reports from Tokyo.

The company paid the fine and pleaded guilty to 10 of 22 charges in a plea bargaining agreement with the US Justice Department.

The US and Japanese governments are lifting most of the sanctions imposed on JAEI last year when the offences came to light. The company was banned by the US from manufacturing defence-related products made under licence from US companies. The Japanese Defence Agency suspended contracts with JAEI.

The US authorities plan to keep the company on a watch-list for three years, during which the export ban would be automatically reimposed if any suspected new offences were unearthed.

JAEI is a world leader in aerospace navigation technology and if the bans had persisted, Japan's defence procurement programmes could have been disrupted.

The company was charged with selling Iran navigation equipment for military jets which had been made under licence from US contractors. JAEI allegedly conspired with Aero Systems, a Florida-based company, to carry out the illegal exports in 1986. The sales contravened the US Arms Export Control Act.

Mr Hisao Kaneko, the JAEI president, yesterday apologised to the defence agency, to other ministries and to clients for having caused a scandal which influenced even Japan's defence programme and the US-Japan security treaty.

After the settlement, JAEI revised its corporate financial forecast. It expects a Y3.3bn pre-tax loss in the year to the end of March, more than the previous estimate of Y2.4bn. The results would be worse but for the sale of a Y3bn parcel of land.

# US envoy joins Nixon attack over help for CIS

By Jurek Martin, US Editor, in Washington

MR Robert Strauss, the US ambassador in Moscow, has berated Americans from both parties for ignoring the situation in the former Soviet Union in the primary campaigns.

"I find it amazing," he told a Senate hearing," to come back in the middle of a presidential campaign and find that a subject as important as what we ought to be doing with respect to the republics of the former Soviet Union hasn't been the subject of any appreciable discussion at all.

"The Russians want our leadership and the Europeans want to see us lead and I think that can be put together," he said. "If it isn't, the great debate we'll be reading about one of these days is why we blew it."

Strauss: berated American politicians from both parties

The language is similar to the warnings issued this week by former President Richard Nixon. But coming from a prominent Democrat appointed to Moscow last year by Mr George Bush, a Republican president, Mr Strauss brings a certain objective weight to the argument.

He stressed yesterday that aiding former Soviet republics ought not to be a partisan political issue.

At a dinner on Wednesday night following a conference organised by the Nixon Library, Mr Bush declared that "we must find a way to square the responsibilities of world leadership with the requirements of domestic renewal." However, he said little about what the US practically would be doing to assist Russia and the other republics.

Earlier, at his press conference, he had emphasised: "We're living in a time of constrained resources. There isn't a lot of money around and we are spending too much of it as it already is."

Though Mr Bush and Mr Nixon were careful to play down any differences between them, the former president renewed warnings of the dangers of "a new isolationism."

If Russian President Boris Yeltsin were to be overthrown, he would certainly be replaced by a more unpleasant form of despotism, which would end up costing the US much more to combat.

Mr Nixon's intervention, widely seen as another stage in his rehabilitation after the disgrace of Watergate, has attracted widespread interest. Wednesday night's conference dinner, attended by many members of his Administration, was reported in the US press as much as a social and political event as for its policy substance.

Even some of his inveterate opponents were moved to approve of what he had to say. Senator Alan Cranston of California, for example, said he agreed with Mr Nixon for the first time in years.

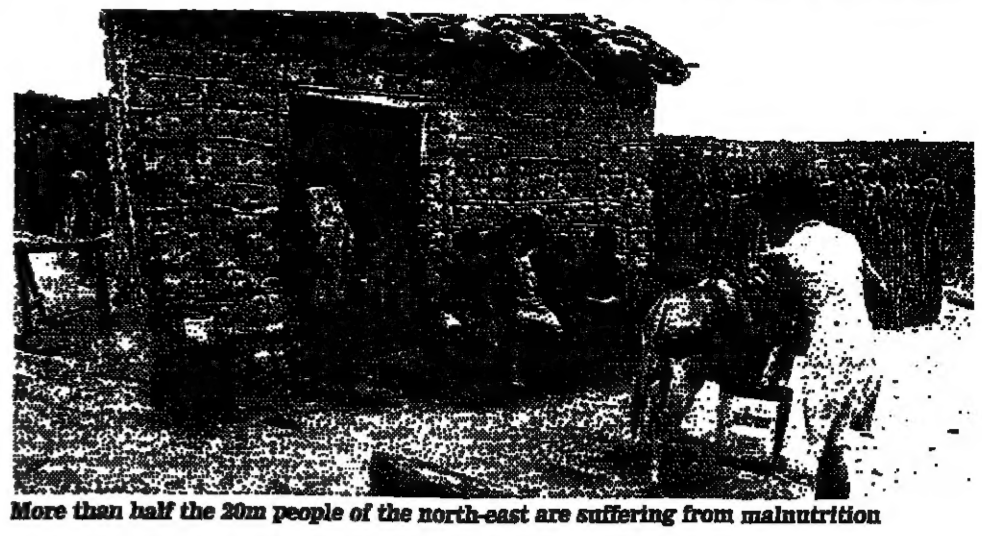
Seeking to exploit this in his inimitable manner, Mr Strauss argued that "there is nothing more important that we can do" than provide full US backing and funding for the International Monetary Fund's new focus on the republics.

Proposals to help create a stabilisation fund for the rouble and on a new IMF facility are currently held up in Congress and also the subject of internal divisions inside the Administration.

# Politics and drought trap Brazil's poorest

**Christina Lamb** visits the north-east where aid workers describe conditions as 'African'

FRANCISO Soares Alamedo laughs when asked when he last ate meat. Standing at the doorway of his wattle and daub hut, he stares at the sky, praying for the first rain for three years. The surrounding land is scorched and cracked and last year the beans he planted died. Through the $3 a week he earns labouring on a plantation the family survives on a breakfast of coffee without sugar and a lunch of flour and water. Dinner they save on by going to bed early.



*More than half the 20m people of the north-east are suffering from malnutrition*

The scene might be typical of a famine-struck African nation but is hard to credit in Brazil, the world's ninth-largest economy with a vast richness of resources and a per capita income of $2,200. While the country is consistently among the world's top three agricultural exporters, two-thirds of the population have an inadequate daily calorie intake, according to the World Health Organisation.

Mr Alamedo lives in the interior of Pernambuco state and like many north-eastern farmers is a vivid example of the inequality of Brazil's income distribution – often cited by the World Bank as the world's worst. National Institute of Nutrition figures show more than half the 20m rural population of the north east suffering some form of malnutrition.

"The rest of Brazil may be a France but what we see here is a Ghana," says Dr Malaquias Batista from the Maternal Institute in Recife, capital of Pernambuco. "I'm ashamed that in a country as rich as Brazil we still have so many going hungry. Countries with far lower per capita incomes have better health indicators."

He points out that infant mortality in Brazil's nine north-eastern states is 100 per 1,000 (the national average is 60 per 1,000) compared with 15 in Costa Rica.

The north-east, with vast sugar plantations, was once the economic and political centre of Brazil. But it has always been synonymous with inequality and most of the region's music and poetry is based on two themes – waiting for rains and exploitation by the *coroneis*, the prominent figures granted large tracts of land when the Portuguese colonised the area in the early 16th century.

The north-east has not kept pace with the development of the industrial south and, during the "economic miracle" of the 1960s and 1970s, was left way behind. While the rich south spawned world-class companies and glitzy shopping malls, north-eastern farmers must compete with goats for subsistence during the region's periodic droughts. In Ouricuri, where Mr Alamedo lives, a state of emergency was declared last September and in December alone 23 children died of malnutrition.

Yet with an average 800mm precipitation a year the area generally has enough rain – "the problem is lack of infrastructure to take advantage of it", says Mr Eliezer Menezes, superintendent of Sudene, the regional development authority for the north-east. Ms Constance Clark, a specialist in hunger, says: "Other countries such as Egypt with far worse aridity do not suffer such misery. Only the most primitive degree of technology is needed to maintain water in place."

But in Brazil, rather than tackle the problem, governments have reacted on an emergency basis, waiting for things to become critical then sending in food parcels or creating emergency projects to provide work. Ms Clark believes the reason is political – a deliberate suppression of the population to keep them backward and maintain a hold over them through paternalism. The buying of votes and siphoning off of emergency funds by corrupt authorities even has a name – the drought industry.

President Fernando Collor's reaction has been no different, recently ordering the distribution of food baskets to 650,000 families. Mr Manuel Santos, president of the Pernambuco Rural Workers Federation, complains: "This is an ancient tactic to keep the peasant dependent and divided. It is not hard to see the connection between who gets the baskets and the way they vote in the municipal elections in October."

Mr Collor has called on Sudene to draw up a strategy for a definitive end to the problem. However he is not the first president in the organisation's 33 years of existence to suggest this and Mr Menezes admits: "The problem is that governments each want their own projects so they abandon those of their predecessors and if there is no drought during their mandate they do nothing."

Those irrigation projects initiated by governments have been aimed at big exporters rather than small farmers. Uneducated and rarely owning their own land, farmers have made little improvement themselves though some grassroots organisations are being formed to teach how to survive drought.

It is the plight of people such as Mr Alamedo which is at the root of two of Brazil's main problems – the deforestation of the Amazon and the growing slums of the big cities. During the 1970 drought, rather than tackle the problem and fearing social unrest, the Medici government decided to open the Amazon and colonise it with north-easterners.

Between 1970 and 1988 more than 1.5m left the north-east and 60 per cent of all Brazil's migrants are from that region. The policy was a failure – migrants were not given credit or technology for farming and resorted to burning trees or fleeing to cities.

Today, with the south undergoing its worst recession for a decade and the world watching Amazonian destruction, this safety valve no longer exists. The last decade of high inflation has made the situation worse, widening the gap between rich and poor.

Recently rain returned to the north-east, ending three years of drought. But the next drought is never far off.

# Mexico's proposal for dam upsets environmentalists

By Damian Fraser in Mexico City

THE Mexican government is planning to build a hydroelectric dam on the river bordering the Guatemalan frontier, in a project that could seriously damage the Lacandona rain forest, according to environmentalists and archaeologists in Mexico and the US. It could also flood some of the country's most famous archaeological sites, they say.

The dam would be built on the Rio Usumacinta, which flows through the Lacandona, North America's largest rain forest. The dam, if sufficiently high, could lead to the flooding of the ninth century Mayan city-states Yaxchilan and Piedras Niegras. Ms Linda Schele, professor of art at the University of Austin, Texas, said she had "no doubt that one of the greatest heritages of the human species will be buried and lost forever without ever having been investigated."

Mexico's Federal Electricity Commission has said that the project would not damage archaeological sites and would not be approved until an environmental and cultural impact study was completed.

The project, an earlier and larger version of which was dropped in 1989, has particularly enraged environmentalists since President Carlos Salinas de Gortari last month declared Yaxchilan part of an extended eco-archaeological reserve in the Lacandona. Mr Homero Aridjis, president of the Grupo de los Cien environmental group, said: "It is another example of the government keeping people in the dark and spreading disinformation."

Mr Jeffrey Wilkerson, of the US Institute for Cultural Ecology of the Tropics, feared that the building of the dams would lead to new roads, and settlements that would break up the rain forest's fragile eco-system, and disrupt the culture of the Lacandon, an Indian tribe that lives in the forest.

● Mexico has just completed a census that shows population growth is slowing, that the average age is rising, and, amazingly, that Mexico City is shrinking.

The census estimates that just 81.2m people live in the country, of whom 38 per cent are less than 40 years old – compared with unofficial estimates of around 88m. The average age has increased from 16 to 19 years old.

The population as a whole rose by an average of just 2.3 per cent in the decade.

# Haiti army forces delay over return of Aristide

BOWING to pressure from the army-backed provisional government, Haiti's parliament yesterday delayed ratification of a proposed accord reinstating ousted President Jean-Bertrand Aristide, Reuter reports from Port-au-Prince.

After meeting three government ministers, Senate Speaker Dejean Belizaire said a special joint session of parliament's two houses to vote on the accord was being postponed from yesterday to next Monday.

Members of the Chamber of Deputies, which wants to ratify the accord as soon possible, accused Mr Belizaire of stalling on the government's behalf and voiced fears of an outbreak of political violence.

It was the second time this week that the Senate's leader had delayed voting on the accord, brokered by the Organisation of American States (OAS) and aimed at settling the crisis set off by President Aristide's ouster in a September 30 military coup.

The OAS has promised to lift a crippling trade embargo when the accord is implemented.

Centrist Deputy Samuel Madistin said the government installed after the coup was said to be holding out for two ministries in the incoming cabinet as a guarantee it would not be investigated for corruption.

## Bush hails 'my friend Hussein'

US President George Bush hailed King Hussein as "my friend" and welcomed the renewal of US-Jordanian ties at a meeting yesterday that ended a year of estrangement resulting from the Gulf War.

"I'm just delighted to see his majesty again. For years, we've had strong relations with Jordan – we know there were difficulties. He is my friend and I welcome him back," Mr Bush told reporters as he and King Hussein posed for photographers.

Mr Marlin Fitzwater, White House spokesman, said Mr Bush planned to seek King Hussein's views on UN efforts to get Iraq to honour Gulf War ceasefire terms and the status of Middle East peace negotiations.

The Jordanian monarch sided with Iraqi President Saddam Hussein before and during the war.

## Floods hit Bolivia

Torrential rains have flooded a huge area in northern Bolivia, leaving thousands homeless and threatening many more with diseases, including cholera, local officials said, Reuter reports from La Paz.

The government declared a state of emergency in the department of Beni late on Tuesday after rivers overflowed and flooded more than 100,000 sq km (40,000 square miles) of grazing lands, a Beni civic committe official said.

Beni congressmen in La Paz said that the flood had swept away the homes of some 10,000 families.

Local civic committee president Milian Rivera said the waters were threatening to break a levée surrounding Trinidad, a city of 60,000 people about 500 km (310 miles) northwest of La Paz.

## Election '92: Government presents finance bill ● Labour launches campaign ● Tories lag in polls

# Kinnock to promise closer ties with EC

By Ivo Dawnay, Political Correspondent

*MR NEIL Kinnock, the leader* of the Opposition, will use his first campaign rally in Edinburgh today to stress Labour's commitment to closer ties with the European Community.

In a speech also likely to focus on devolution in Scotland, the Labour leader is expected to endorse European-style social democracy – in which "all people contribute and all benefit" – as the ideal model for the UK party.

Mr Kinnock also hopes to consolidate voters' support for a devolved parliament in Scotland rather than the full independence being offered by the Scottish nationalists.

Yesterday, Mr Kinnock left morale high among his parliamentary troops after a widely-praised performance in the House of Commons in which he criticised Mr John Major for refusing to take part in a three-way party leaders' television debate. Speaking in the last prime minister's question time of the current parliament, the Labour leader accused the prime minister of being "ashamed" to defend his economic record.

Earlier yesterday, the Labour leader had kicked off what are set to be almost daily rallies with a London news conference attended by a bevy of celebrities.

Under the slogan, Its Time for Change, he castigated the government for squandering billions of pounds of North Sea oil revenues and from privatisation sales leaving nothing to show for it.

"It is fair to ask what they really have to show for all that power over all that time with all those resources," he said.

Questioned as to whether a Labour government might agree to introduce proportional representation for the Commons within a first parliament, Mr Kinnock said it was "very highly unlikely."

But he went on to keep the door ajar by adding that Labour's working party on electoral systems would continue its studies, enhanced with the authority of reporting to a government in office.

His words will be closely followed by the Liberal Democrats who have stated that they will not enter any electoral pact with another party without a firm undertaking to make the change.

Party campaign strategists are now convinced that Labour has begun its election campaign on the highest possible note and that Mr Kinnock's speech to the Scottish Labour party today will keep him one jump ahead of Mr Major who addresses his faithful in Torquay on Saturday.

# Bones of the Budget survive early election call

By Alison Smith

THE decision to call a general election on April 9 has cut short the normal parliamentary procedure for putting the Budget provisions into law.

As a result the finance bill which will be rushed through the House of Commons today will be just a shadow of the original Budget statement, but it will still have much the same outline.

The 11-clause bill will include the following provisions:

● Alcohol: extra 28p on a bottle of spirits, just under 5p on bottle of wine, and just over one penny on a pint of beer;

● Tobacco: extra 13p on a packet of cigarettes, 10 per cent rise on cigars and other tobacco products, except pipe tobacco where the increase is only in line with inflation;

● Petrol: duty on unleaded petrol and diesel raised in line with inflation, but 7½ per cent increase in leaded petrol;

● Vehicle excise duty: extra £10 on vehicle excise duty on cars, taxis and light vans;

● VAT: the change setting up a system of monthly payments on account for large businesses, though they can still submit VAT returns quarterly.

There will be a separate clause bringing in changes to the serious misdeclaration provisions – removing penalties on under declarations of tax up to £2000, and cutting the penalty rate from 20 to 15 per cent and the maximum default surcharge from 30 to 20 per cent;

● Car tax: halving of special car tax from ten per cent to five per cent;

● Income tax: introduction of the lower rate 20 per cent band for the first £2000 of taxable income.

All the other Budget measures will not be enacted before the election.

Apart from the changes to inheritance tax, the most notable omission is the change to the transitional arrangements for the uniform business rate – enabling some businesses gaining to realise their gains more quickly, and ensuring that no business faces an increase above inflation.

This is delayed because it requires a local government finance bill which could not be prepared and passed in time.

Other changes are not being rushed through because there is no urgency. The extra help for pensioners on income support are not due to take effect until October, while other tax changes, such as those to help the film industry, will apply in arrears anyway.

● The Liberal Democrats have decided to enter the election pledged to increase the basic rate of income tax to 26 per cent and to abolish the lower 20p rate.

Ashley Ashwood

Labour's election team (left to right) Roy Hattersley, John Smith, Jack Cunningham, Neil Kinnock and Margaret Beckett launch their campaign

# Labour takes narrow lead in early polls

By Philip Stephens, Political Editor

THE first opinion poll since the start of this week's campaign for an April 9 election last night gave the Labour Party a narrow lead as the Conservatives sought to shrug off pre-election nerves in London's financial markets.

The Mori survey for The Times, taken after the Budget, put Labour support at 41 per cent, the Conservatives at 38 per cent and the Liberal Democrats at 16 per cent.

The results compare with ratings of 40 per cent, 39 per cent and 18 per cent respectively in a similar poll two weeks ago. They were published as Mr John Major promised to combine a "visionary" election manifesto with a continuous onslaught on the opposition's tax policies.

Conservative strategists emphasised that the latest figures were well within the traditional 3-point margin of error on all surveys, suggesting that the two main parties are still "neck-and-neck". But Mr Major will be disappointed that the Budget has not given an immediate lift to his party's support.

As Labour prepared to vote today against the bill to implement the introduction of the 20p income tax band unveiled in the Budget, Mr Major charged that Mr Kinnock had once pledged "to tax the rich to help the poor". Now the Labour leader proposed "to tax the rich and tax the poor".

Senior ministers, meanwhile, acknowledged that hopes of an early cut in interest rates had now all but evaporated. But they insisted that Mr Major was confident that the jitters in financial markets would subside once his campaign was in full swing.

The last Cabinet meeting before the election yesterday morning endorsed the manifesto with which the party will launch its official campaign next week.

Mr Chris Patten, the party chairman, said the manifesto was designed to help "people to have a stake in Britain for themselves and their families". He added: "Above all it is a manifesto for enriching people's lives by using the government to help increase choice and opportunity for everyone".

Ministers also said that a much-trailed emphasis in the manifesto on promoting ownership and opportunity – through tax incentives for savings and schemes to extend home-ownership and by accelerating reform of health and education – was accompanied by a number of "eye-catching" ideas.

Mr Major's consensual style was emphasised by a positive approach to more open government although there was no specific commitment to freedom of information legislation. The manifesto also promised to give more help to the BBC World Service and to the British Council to underline the Conservatives commitment to maintaining Britain's cultural as well as political influence on the world stage.

The manifesto, which included a pledge to the "creeping" privatisation of British Rail also proposed sweeping changes to public sector housing. A programme drawn up by Mr Michael Heseltine to regenerate the inner cities would break completely the local authorities grip on public rented housing. Housing management would be subject to compulsory competitive tendering, and the present rent-into-mortgages scheme would be extended throughout the country.

Among the other proposals in the 60-page document were plans to reduce inheritance tax, to further constrain the powers of trades union and to privatise British Coal. Mr Heseltine had also wn approval for his ambitious scheme to develop the Thames Corridor east of London's docklands.

In place of mounting unemployment and home repossessions, Britain would be benefitting from a recovery package aimed at "building prosperity, extending opportunity and creating confidence," the Labour leader will claim.

He will also make the case for a Scottish parliament as part of an integrated United Kingdom. With words targetted at the Scottish Nationalists, he will tell some 300 Labour party delegates that Scotland both draws strength from the union and gives strength to it.

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# Coy trade unions still pay for left-wing war chest

## The trade union movement will provide £6.3m for Neil Kinnock's party, reports **David Goodhart**

EVEN as he announced the election date from the steps of 10 Downing Street Mr John Major warned the electors that a vote for the opposition Labour Party was a vote for a party in the pocket of the trade unions.

With Labour stressing a greater distance from its union founders, and union power at an all-time low, it is not a theme which seems to have benefitted the government in the pre-election phoney war.

But the general election itself does serve to underline Labour's continuing financial and logistical dependence on the trade union movement, led by the movement's umbrella body, the Trades Union Congress (TUC).

Despite the desperate financial condition of many Labour-affiliated unions, especially the TGWU general union, they will provide about £6.3m of Labour's £7m election fund.

Just as important, especially in a closely fought battle, is the non-cash aid; people, offices, and cars, for the four weeks of the general election campaign.

The union leaders themselves will be almost entirely invisible in the Labour campaign. This is not a new development. Union leaders have rarely played a leading role on the hustings for Labour; even less so since the late 1970's when their popularity plummeted following the infamous 'Winter of Discontent', when widespread strikes helped bring down a Labour government in 1979. Since then, Mr Norman Willis, TUC General Secretary, has struggled to articulate the movement's new relationship with Labour.

Many leaders say they will be behind their desks working normally during the campaign, although they will be doing their best to get the vote out in their union. Others such as Mr John Edmonds of the GMB general union and Mr Bill Morris of the Transport and General Workers Union do have an official role on Mr Neil Kinnock's "leader's committee".

Ashley Ashwood

Face value: Norman Willis, general secretary of the TUC, has to articulate union links with the Labour party

It is those two general unions which have traditionally provided the lion's share of election assistance for Labour. They now represent nearly 2m of the 5m union members who are affiliated to the Labour Party, a total that has fallen by 25 per cent over the past five years thanks to falling membership.

The two general unions thus provide almost half of the union's £6.3m election pot; fortunately for Labour the TGWU's political fund has been unscathed by last year's £12m deficit on its general fund.

Both have also placed dozens of full-time officials at the Labour Party's disposal for the campaign, indeed the GMB has had 10 officials working for Labour for nearly a year. Unions like the AEU engineers, the MSF general technical union, NUPE the public services union, RMT the transport union and UCW the postal union, will be providing similar logistical support in the regions and packing Walworth Road, Labour's London HQ, with their press officers and other staff.

"Labour won the campaign in the media in 1987 reflecting a new professionalism at the centre, but our organisation around much of the country left a lot to be desired. This time our organisation and our finances are in a much better state," says one insider at Walworth Road.

In 1987 Labour spent about £4m from the centre, compared with more than £10m spent by the Conservatives. The fact that this time Labour will spend at least £7m (the Conservatives will once again more than double that) is thanks largely to a more efficient, and fairer, system of raising election cash from the unions, plus more effective fund-raising from non-union sources, mainly through direct mail appeals.

Since 1989 the unions have been paying an average of one third of their annual affiliation fee (of £1.50 per affiliated member) into the special election fund. That is now worth £6.3m despite the fact that about £1m has already been spent in the past year.

Before 1989 the unions paid their annual affiliation fee in one lump and come election time the party handed the begging bowl round, with mixed results. The new system has allowed Labour to earn some interest and to plan ahead.

With a larger proportion of union cash going to the special election fund, Labour has had to cover about 50 per cent of the party's annual £9m annual running costs from non-union sources. This has been achieved mainly through raising the party's standing-order base to £2m a year, according to Mr Tony Manwaring, head of the general secretary's office at Labour headquarters.

The non-union element of the election fund has also increased sharply on 1987 thanks to special appeals to members and high profile events such as the recent celebrity dinner.

In 1987 Mr Kinnock was ferried around the country in cars belonging to the GMB general union, underlining the importance of logistical support from the unions. This time every key marginal has had a temporary organiser and a computerised electoral roll, with many of the people and machines provided by the unions.

That non-cash support, especially fax machines, telephones and offices, is hard to quantify but might well substantially swell the £7m figure that Labour is expected to spend in the next four weeks. Unions, however, have to remain careful that their political support for Labour comes out of the union's political fund.

Despite the new efficiency of Labour's election funding the party could ill-afford two elections in one year, yet many union leaders privately admit that a hung parliament and a quick second election is probable. With union's increasingly stretched for cash it is Labour's better-off individual supporters who would be called upon to provide more cash than ever before.

No wonder many union leaders are keen supporters of state funding for political parties despite the political power that the current system is supposed to give them.

## BRITAIN IN BRIEF

### DTI re-opens inquiry into Blue Arrow

The Department of Trade and Industry (DTI) has re-opened its inquiry into the Blue Arrow affair to investigate the roles played in the scandal by the senior management of National Westminster Bank.

The appointment of DTI inspectors followed a call earlier this week by Lord Alexander, NatWest chairman, for such an enquiry to be held.

Lord Alexander's request was made in response to allegations, which were made during the recent Blue Arrow trial and were subsequently repeated in last week's Economist magazine, that the bank and its chief executive, Mr Tom Frost, had misled the inspectors in the first inquiry and deliberately concealed documents from them.

NatWest and Mr Tom Frost deny the allegations and asked for the DTI investigation in an attempt to clear their names.

A DTI official said the inspectors would "cast their net widely" although they would be looking in particular at evidence relating to the involvement of senior NatWest executives in the Blue Arrow rights issue which came out in the recent Blue Arrow trial.

Lex, Page 14

### MPs demand to see Maxwells

The two Maxwell brothers should be brought before the House of Commons for refusing to answer MPs questions about their father's theft of more than £400m from the pension funds of his companies, according to a parliamentary committee.

The committee said it also wanted to question the Maxwell brothers about "the role of those US investment banks which were involved in the alleged illegal operation to support Maxwell Communication Corporation shares by routing share purchases through offshore trusts".

### Spending limits to be delayed

Decisions about which councils should have their spending "capped" or limited by central government have been delayed until after the general election.

Mr Michael Portillo, the local government minister, said capping decisions would be held over. Ministers say that by convention such sensitive decisions are not announced during an election.

The news emerged as Cipfa, the public finance and accountancy body, said the average poll tax in England next year, taking account of how many people are due to pay in each authority, would be £279.34 – an increase of 11 per cent over the present year.

### Car output increases 4.9%

UK car production in February was 4.9 per cent higher than in the same month a year ago, the first year-on-year increase in output for seven months.

Commercial vehicle production in February also rose by 13.2 per cent, reinforcing the stronger trend of recent months.

The increase in car production resulted from a surprising 23.5 per cent jump in output for the still depressed domestic market to 66,485, which more than compensated for the 15.7 per cent fall in output for export markets to 48,007.

### Britain lags in maths tests

England and Wales lag far behind Asian and other European states in the maths and science attainment of schoolchildren, according to a new international league table. Scotland's performance was markedly better.

The table, published in Britain by the National Foundation for Educational research, follows research on the relative performance of pupils aged between nine and 13 in up to 20 countries in Europe, America, Asia, Africa and the Middle East.

It places South Korea's nine-year-olds as the clear winners in maths – with a score of 75 per cent on comparable tests.

Out of 14 countries, Scotland came fourth (with 66 per cent) and England 11th (with 59 per cent).

Behind England were the US, Slovenia (the Yugoslav republic) and Portugal.

### BCCI response awaits inquiry

The government will wait for the results of the official BCCI inquiry under Lord Justice Bingham before commenting on a Commons' committee's report on the affair, according to Mr John Maples, economic secretary to the Treasury.

Mr Maples said the government would consider carefully the recommendations made this week by the Treasury select committee. The Bingham inquiry is not expected to be completed until after the general election.

### Tax changes to create jobs

Income tax changes in this year's budget are likely to create almost 1,000 jobs in the Inland Revenue, which only last week announced plans to save up to 10,000 jobs over the next decade by reorganising its office network to increase efficiency and improve service.

Most of the additional tax office jobs will be required because of the introduction of a reduced 20 per cent rate of income tax for the first £2,000 of taxable income.

Some will be needed to deal with inquiries expected to arise from a more complicated tax structure.

### Treasury admits budget slip

Mr Norman Lamont, the chancellor, made a slip in his Budget speech when giving the wrong figure for the new annual turnover figure above which companies will pay value added tax, the Treasury confirmed.

The new threshold is £36,600, not £36,000 as Mr Lamont stated on Tuesday. "It was a slip of the tongue," said the Treasury. "This isn't the first time this has happened to a chancellor on Budget day."

### Executives welcome UBR

Businessmen from across the country have welcomed Budget measures to ease the burden of the Uniform Business Rate (UBR), the local tax levied on industrial and commercial premises.

Representatives of the British Chambers of Commerce National Council said they were "delighted" with the decision to limit the increase in the UBR to the rate of inflation and to improve the arrangements on transitional relief. Although most representatives supported the budget, many felt it did not do enough to aid recovery.

### Airport boost for Manchester

Manchester Airport expects to beat London Gatwick into second place this year to become British market leader in holiday traffic. The airport says flights planned by more than 270 tour operators will push Manchester's share of the UK inclusive tour booking market to nearly 30 per cent, compared with an estimated 28 per cent for Gatwick.

### Strike ballot at shipbuilders

Manual workers at Vosper Thornycroft, the south-coast shipbuilders, are to ballot on strike action over compulsory redundancies. The company, which has been hit by a lack of defence orders, is aiming to cut its workforce by about 200 before June. Unions said the company had breached redundancy agreements and balloting would begin in the next two weeks.

### Thomas Cook withdraws card

Thomas Cook, the travel services arm of the Midland Bank, has staged a partial withdrawal from the corporate credit card market which it entered less than two years ago.

Small business customers of Thomas Cook have received a letter from its corporate card division telling them that their cards facilities are being withdrawn at less than 48 hours notice. Around 400 companies have been affected with a total of 600 corporate cards.

### Buyer sought for Volvo plant

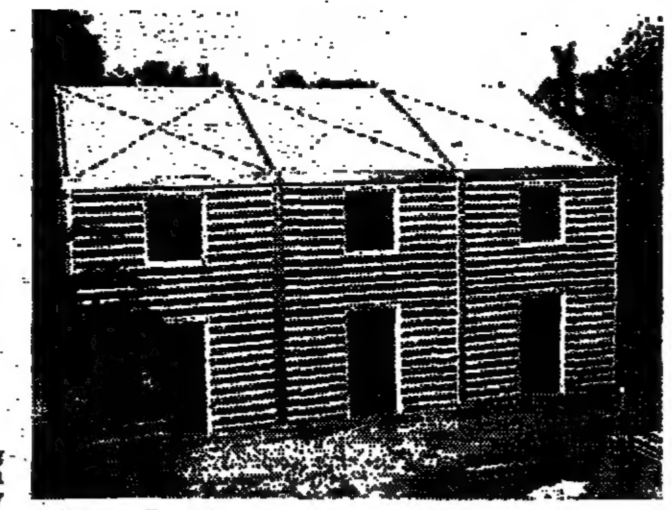
The West Cumbria Development Agency is launching a world-wide marketing campaign for Volvo's unwanted bus factory at Workington, in a bid to attract a major inward investor to Cumbria's hard-hit coastal strip.

The agency is targeting the USA, Germany, Japan and Taiwan in a bid to find a buyer for the plant, which Volvo decided last year to close to close the plant this year with the loss of 370 jobs because of the slump in the bus market.

# TECHNOLOGY

Low-cost housing built for the third world is finding its way back west, writes Stephen Fidler

## Roll in the log cabins



Aluminium 'logs' form the walls, upper floors and roofs

Alejandro Stein, a Venezuelan academic-turned-businessman, reckons the construction system that he has helped to develop could cut 40 per cent off the cost of building a house in Nicaragua. In western Europe, where people expect more in a new home, he says building a house his way would be 15-20 per cent cheaper than using traditional methods.

Stein, a 44-year-old professor in the faculty of architecture and urban design at the Central University of Venezuela in Caracas, set out with colleagues about a decade ago to find ways to reduce the costs of housing the poor in the third world.

For the Venezuelan academics, the problem was close to home: flimsy shanties rise vertiginously on the hills surrounding their city. The idea they developed for the third world has already been used in the first: for example, in a housing development in Orlando, Florida. Stein and others believe it also has potential to improve housing standards in eastern Europe and the former Soviet Union, for example in housing the homecoming Red Army.

Stein, now the chairman of the company which is licensing the product, called his system "Tronco", Spanish for log, since the structures resemble metallic log cabins.

Housing projects in the third world usually involve the manufacture at a remote plant of prefabricated concrete sections which are then transported to the housing site. This requires a substantial investment in plant and transportation costs which rise with the site's distance from the plant. Skilled labour is needed at every stage of the construction process and it is scarce. Often the buildings do not look traditional, and do not reflect local preferences, such as that of central Americans for solid walls.

The Tronco system attempts to avoid these problems by creating, on site, hollow "logs" of aluminium or galvanised steel which are slotted together. The logs form the walls, upper floors and roofs of the building, although they can be hidden by attaching cladding to the structure to give the house its character.

The system requires neither skilled labour nor big transportation costs. There is no large investment in production because the "plant" – a machine that produces the tubes – can be moved from site to site.

The raw material is a metallic strip which arrives on the building site in coils and is fed into the machine, which uses a similar process to that used for making central heating or air-conditioning ducts. The machine forms the hollow helicoidal tube or log by wrapping the metal strip rather like a bandage around an imaginary arm. It folds the overlapping parts of the strip mechanically to prevent the log from unravelling. The length and diameter of the logs can be altered, giving the system more flexibility than traditional prefabrication, while connectors at one or both ends keep them in place.

These logs are light enough to be carried into position by one person. Each machine requires eight people for maximum efficiency, including a semi-skilled machine operator and a supervisor. Because the majority of the workforce is unskilled, building costs are reduced and the houses can be put up where traditional building skills are not available.

Buildings can be put up very rapidly: each machine and team of eight can construct an estimated 300 square metres of built area a day – up to three times as quick as conventional methods and helping to keep costs down. This speed, Stein suggests, could be useful in the former Soviet Union, where the severe winter restricts the housebuilding season and which is also plentifully supplied with unskilled labour and the metallic raw material.

Although the logs, being hollow, have insulating qualities, this can be supplemented in cold climates with additional insulation between the logs and the cladding. In warm climates, the logs are more efficient at keeping out the heat than concrete, which after sitting in the sun will begin to radiate heat inside a dwelling.

Stein has laid a strong emphasis on obtaining building certification in the US. Now obtained, it means the buildings are acceptable in earthquake-prone California and hurricane-swept Florida. He claims this as a strong advertisement for the buildings' stability.

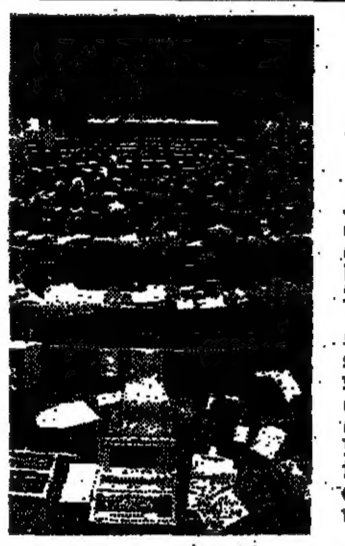
However, there are limits to its application. It is not practical for buildings with more than three storeys, because the extra strength and weight needed to make such a construction sound would negate the savings in construction.

Furthermore, in rich countries, resistance to the concept can be expected from private buyers who usually prefer more traditional brick or wood-frame houses. A well-established building trade is likely to favour traditional construction methods.

Stein now spends much of his time travelling to potential licensees in many parts of the world. He has secured agreement with Japan's Sumitomo Group, and is in discussions in France, Turkey, Italy, Mexico and other countries. In Britain, he is talking with the construction company John Laing.

This is not expected to lead to a proliferation of metallic log cabins in the English countryside; the British company is apparently more interested in using the method to put up buildings in the Middle East, Far East and eastern Europe.

## Building a career for engineers



The circular dealing room

National Westminster Bank showed off two of the most technically advanced buildings in the City of London last week to a party of schoolteachers in a drive to boost the image of engineering in UK secondary schools.

Some 20 staff from Sackville secondary school in East Grinstead toured NatWest's multi-million pound dealing centre in the City's Broadgate development and its Goodmans Fields cheque-clearing building in nearby Aldgate on an open-day for the engineering that underpins both buildings.

The tours were part of the Engineering Council's Neighbourhood Engineers scheme set up in the early 1980s to put local schools in contact with engineers in their community.

"Engineering has been looked on as an oily rag profession," says Dennis Jones, head of technical services in NatWest's property management arm. "I wanted the teachers to see situations they could readily imagine. Everyone sees dealing on TV and cheques being paid into branches. We wanted to demonstrate the depth of engineering that underpins this process."

At County NatWest the teachers saw how an 11,000 volt power intake was refined through various stages to support two dealing rooms serving some 440 dealers.

The four-year-old building was one of the first in the UK to use "structured cabling" which means equipment can be changed or moved around the building without ripping up the floor each time.

Dealers terminals are supported by a standby generator, and a room containing 1,400 car-batteries which ensure a power supply free of bumps.

At the Goodmans Fields site, the teachers saw cheques being sorted by machine in a building that generates its own power. "This sort of experience certainly broadens our horizons," said John Cunnington, Sackville's head of lower school after a debriefing session this week. It is more likely to influence the careers department than teaching, he says.

Neighbourhood Engineers is run by the Engineering Council which was established by Royal Charter in 1981 to set and monitor standards in the education, training and experience of UK engineers.

The scheme aims to bring 24,000 qualified engineers into contact with some 6,000 schools across the country.

**Ian Holdsworth**

### Robotic eyes see the light

"ROBOTIC eyes" can now be made from a photosensitive protein called bacteriorhodopsin (BR) found in salt-saturated water such as the Dead Sea.

A team from Fuji Photo Film in Japan has developed a retina-like light sensor which rivals the most sophisticated silicon devices. It mimics some of the functions of the eye in a simpler, less costly and more compact package.

The sensor is constructed by wedging a thin film of the protein between two oxide electrodes in an electrically conductive gel. When light hits the sensor the BR molecules react by changing shape, generating a quick electric pulse that travels through the electrode. But if the light remains constant the protein returns to its original shape. No charge is generated until the light level changes again.

Potential applications include recognition systems for security purposes and factory automation.

### Thermal imaging puts out the fire

THERMAL IMAGING cameras – well known for helping rescue workers to find survivors after earthquakes and other disasters – are being adapted to give early warning of fires, writes Clive Cookson.

Check Security Systems of Basildon, Essex, has introduced an infra-red imaging system for installation in open yards where large amounts of inflammable material such as paper are stored. The camera scans the site continuously and its output is processed by a video analyser which is programmed to distinguish the heat of an incipient fire from normal temperature changes.

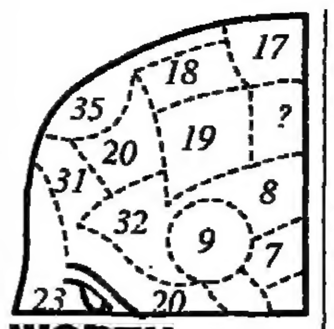
The system can resolve heat only 2 deg C above background and can give an alarm before smoke and flames are visible. Although it costs £15,000 to install, the company says this is cheaper in the long run than employing a security guard to look out for signs of fire.

### Multimedia show goes on the road

NOTHING SENDS a seminar audience to sleep faster than another dull overhead slide presentation. But integrating computer graphics, video and sound has been costly and complicated.

However, General Parametrics, the US group which made its name in the business presentations market, has introduced the VideoShow HQ, a fully-integrated, portable multimedia presentation system which is compact, simple to operate and relatively cheap.

The system is built around a 3.6kg box of electronic tricks costing $6,755 (£3,850) in its basic configuration. It offers the impact of multimedia with full-motion video, live video, stereo sound, photographic images, animation and high-quality computer graphics. Its designers claim it is simple enough for anyone to use.



## WORTH WATCHING

by Paul Taylor

### Decathalon drain clears the way

A NEW KIND of drain that can clear large volumes of water and clean itself at the same time has been developed by UK engineering group Hodkin and Jones, Ian Holdsworth writes.

The group claims its Decathlon drain is capable of clearing up to 192 litres of water per second. This is at least 50 per cent more efficient than a conventional drain.

Decathlon's cross-section resembles that of a flower-pot rather than the traditional circle or inverted egg which has been in widespread use since Victorian times.

With this profile, the drain expels water even when it is flat, says Hodkin and Jones. A normal drain must be laid at a gradient. "An ordinary circular drain works well up to two-thirds of its capacity," says David Monks, Hodkin and Jones's chairman. "Above that you get air blockages in the system – but that can't happen with our drain."

### Getting to grips with IT networks

MANAGING information across a local or wide area network can be the stuff IT department nightmares are made of.

UK-based Digital Networks International has developed the Help Desk Expert, a PC network software package which enables all the optional modules to inter-relate and to update one another.

The software, developed using Clarion, a fourth-generation language, centralises all IT documentation and associated databases within larger organisations and then distributes the maintenance of the data to those best suited to carry it out.

Some 11 add-on modules, ranging from purchase order tracking and training schedules to PABX planning and even the IT department payroll, have been added to its basic features.

### Bicycle saddle taken for a ride

SADDLE SORE cyclists could soon be sitting more comfortably thanks to research which will be presented to the Ergonomics Society's annual conference at Aston University in Birmingham next month.

Dutch ergonomists put cyclists in the saddle to measure the "subjective" experience of riding a bicycle. They found that cycling discomfort was a problem that had forced some would-be cyclists off their bikes.

"The results make it clear that something is wrong with the present bicycle saddles. Particularly for women it is hard to find a proper saddle," said Henri Christiaans, an ergonomist at Delf University.

Since there are clear anatomical differences between the sexes and differences between age groups and fitness categories, the researchers recommend that group-specific saddles should be developed and guidelines drawn up to help cyclists choose a suitable saddle.

Contacts: Fuji Photo Film: Japan, 04 8573 7070. Check Security Systems: UK, 0268 527 700. General Parametrics: US, 510 524 3850. Hodkin and Jones: UK, 0246 280 890. Digital Networks International: UK, 0342 326 000. Ergonomics Society: UK, 0602 473 111.

## LEGAL NOTICES

Notice of creditors meeting under Section 48(2) of the Insolvency Act 1986

Company No. 1957296 Registered in England

LENCOMA LIMITED
formerly Malaca Limited
- (in Receivership)

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named companies will be held at the offices of Cork Gully, Shelley House, 3 Noble street, London EC2V 7DQ on 25 March 1992 at 10.00am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:
(a) they have delivered to us at the address shown below, no later than noon on 24 March 1992, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned: photocopies (including faxed copies) are not acceptable.

Date: 8 March 1992
J D H Bond, C J Hughes
Joint Administrative Receivers.

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FRAME MINT GUARANTEED TRADERS LIMITED
(Company No. 2205264 Registered in England and Wales)

FRAME MINT GUARANTEED PLC
(Company No. 2205276 Registered in England and Wales)

Notice is hereby given that the Creditors of the above named companies, which are being wound up voluntarily are required, on or before 5th April 1992, to send their names and addresses, and the particulars of their debts or claims, and their names and addresses of their solicitors to D. Kossoff or A. Wilkinson of Clifford Chance, Royex House, Aldermanbury Square, London EC2V 7LD, liquidators of the Company and if so required by notice in writing from the Liquidators are, personally or by their solicitors to come in and prove their said debts or claims at such time and place as shall be specific in such notices or in default thereof they will be excluded from the benefit of any distributions made before such debts are proved.

The above companies should not be confused with the Cayman Islands companies of the same name and which are also part of the Federal Bank of Middle East Limited group of companies.

D. Kossoff, A. Wilkinson, Liquidators
13 March 1992

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The Insolvency Act 1986
F H SLADE LIMITED
In Creditors Voluntary Liquidation

NOTICE is hereby given that the creditors of the above-named Company are required on or before 12 May 1992 to send their names and addresses, with particulars of their debts or claims and of any security held by them, establish any title they may have to priority and to send the names and addresses of their solicitors (if any) to the undersigned, JOHN MARTIN IREDALE of Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG, the Liquidator of the above Company: and, if so required by notice in writing by the said Liquidator, are, by their Solicitors or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 12 February 1992.
J.M. IREDALE - Liquidator.

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Notice of creditors meeting.
Registered No 2182363. Registered in England

J & P CARE HOMES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above named company will be held at the Park Hotel, Park Place, Cardiff on 19 March 1992 at 11.00 am for the purposes mentioned in Section 48 et seq of the said Act, viz:
(i) to have laid before it the administrative receivers report on the administration of the receivership;
(ii) if thought fit, to establish a creditors committee.

Creditors wishing to vote at the meeting must lodge their proofs of debt and (unless they are attending in person) proxies at the offices of Cork Gully, Churchill House, Churchill Way, Cardiff no later than 12 noon on 18 March 1992. Proofs of debt may be lodged by submitting a written statement of claim clearly setting out the name and address of the creditor and the amount claimed. Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.

DATED this 3 day of March 1992
J P Considine
Joint Administrative Receiver

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Notice of creditors to send claims.
IN THE MATTER OF
THE INSOLVENCY ACT 1986
- and -
IN THE MATTER OF
A.W. HAWKINS & CO LIMITED

NOTICE IS HEREBY GIVEN, that the creditors of the above named Company are required on or before the 30th day of June 1992 to send their names and addresses and the particulars of their debts or claims and the names and addresses of their Solicitors, if any, to N J Vooght ACA of Cork Gully, Orchard House, 10 Albion Place, Maidstone, Kent, ME14 5DZ, the Liquidator of the said Company and, if so required by notice in writing from the said Liquidator, or by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made such debts are proved.

DATED this 28 day of February 1992
N.J. Vooght, Liquidator.

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COMPLETE PARTITION SERVICES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING Of the CREDITORS of the above named company will be held at The Wessex Hotel, West Cliff Road, Bournemouth, Dorset on 18 march 1992 at 11.30 am for the purposes mentioned in Section 99 to 101 of the said Act.

A list of the names and address of the company's creditors may be inspected free of charge at Cork Gully, Town Quay, Southampton, Hampshire SO9 1ZG between 10 am and 5 pm on 16 March 1992 and 17 March 1992.

Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at Cork Gully, Town Quay, Southampton, SO9 1ZG no later than 12 noon on 17 March 1992.

Dated this 5th day of March 1992
By order of the Board
E Knight, Director.

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Notice of appointment of liquidator
Voluntary winding up

A W HAWKINS & CO. LIMITED

Company number: 518727. Nature of business: Printers. Type of liquidation: creditors. Address of registered office: Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ.

Liquidators name and address: N J Vooght, Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ. Office holder number 6338.

Date of appointment: 21 February 1992

By whom appointed: Members and Creditors.

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Notice of appointment of liquidator
Voluntary winding up

VICTRO TRADING LIMITED
T/A SPENCERS DISCOUNT JEWELLERS

Company number: 2292638. Nature of business: Jewellery Retailers. Type of liquidation: creditors. Address of registered office: Admirals Quarters, Portsmouth Road, Thames Ditton, Surrey KT7 0XA.

Liquidators names and addresses: John Collin Mannin Bishop, Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ. Office holder number 1281.

Malcolm Cohen, Stoy Hayward, 8 Baker Street, London W1M 1DA. Office holder number 8826.

Date of appointment: 13 February 1992

By whom appointed: creditors.

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Notice of appointment of Joint Administrative Receivers

CIBENZE SERVICES LIMITED
(IN RECEIVERSHIP)
(a small division also trades under the style "FMD Associates")

Registered number 1811243. Nature of business: Cleaning Company. trade classification: 46. Date of appointment of joint administrative receivers: 28 February 1992. Name of person appointing the joint administrative receivers National Westminster Bank Plc. IDB Bond and C J Hughes Joint Administrative Receivers (Office holder 1289 and 2491) Cork Gully Shelley House 3 Noble street London EC2V 7DQ.

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Notice of appointment of Joint Administrative Receivers

ALBANY DEVELOPMENT & CONSTRUCTION PLC

Registered number 2199338. Nature of business: Property Development. Date of appointment of joint administrative receivers: 27 February 1992. Name of person appointing the joint administrative receivers National Westminster Bank Plc. Adrian Richard Stanway and Robin Michael Addy, Joint Administrative Receivers (Office holder 2665 and 1031) Cork Gully, Shelley House, 3 Noble street. London EC2V 7DQ.

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THE PATENT DIE-CASTINGS COMPANY LIMITED

Notice is given that I, Christopher John Barlow of Shelley House, 3 Noble Street, London EC4V 7DQ was appointed Liquidator of the above named company on 29 January 1992. Any debts due to the company should be paid to me and any claims should be notified to me at the aforementioned address by 1 April 1992.

Dated 20 February 1992
C J Barlow, Liquidator.

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Notice of appointment of Joint Administrative Receivers

COMPLEX PLASTICS COMPANY LIMITED

Registered number 1053029. Nature of business: Plastics Injection Moulding. Trade classification: 11. Date of appointment of joint administrative receivers: 28 February 1992. Name of person appointing the joint administrative receivers: Midland Bank Plc.

Lynn Robert Bailey and Stephen Jonathan Taylor, Joint Administrative Receivers (Office holder 6496 and 7821) Cork Gully, Abacus House, 32 Friar Lane, Leicester LE1 5RA

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Notice of Appointment of Administrative Receivers

F & W FLUID POWER LIMITED

Registered number 2502351. Trading name: F & W Fluid Power Limited. Trade classification: 27. Name and address of receivers: David John Stokes and Anthony James Wood, Cork Gully, 1 East Parade, Sheffield S1 2ET. (Office holder numbers 2682 and 2963) Date of appointment: 2 March 1992. Name of appointer: National Westminster Bank Plc

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Notice of Appointment of Receivers

Brasier Limited

Registered number 2194360. Trading name: Brasier Limited. Trade classification: 35. Name and address of receivers: D J Stokes and C J Hughes Cork Gully 1 East parade Sheffield S1 2ET (Office holder numbers 2682 and 2041) Dates of appointment: 3 March 1992 and 5 March 1992. Names of appointer: IB Finance (UK) Plc and Lloyds Bank Plc

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COMPUFINE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at 1 East Parade, Sheffield S1 2ET on 18 March 1992 at 11.30am for the purposes mentioned in sections 99 to 101 of the said Act.

A list of the names and addresses of the company's creditors may be inspected free of charge at 1 East Parade, Sheffield S1 2ET between 10.00am and 5.00pm on 16 March 1992 and 17 March 1992

DATED 28 February 1992. By Order of the Board. R G Parker, Director.

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Notice of appointment of Joint Administrative Receivers

CONALLCRETE PRODUCTS LIMITED

Registered number 387406. Nature of business: Precast concrete Cladding specialist. Trade classification: 23. Date of appointment of joint administrative receivers: 2 March 1992. Name of person appointing the joint administrative receivers Nordbanken (UK) Limited (Formerly English Trust Co).

N J Vooght and J M Iredale Joint Administrative Receivers (Office holder 6338 and 2104) Cork Gully Melrose House 42 Dingwall Road Croydon Surrey CR0 2NE

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Notice of appointment of Administrative Receiver

CONQUEST INDUSTRIAL SERVICES LIMITED

Registered number: 1192502. Nature of business: Manufacture of Trailer Legs and Accessories. Trade classification: 07. Date of appointment of administrative receivers: 26 February 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc.

Nigel John Vooght and Christopher John Hughes, Joint Administrative, (office holder nos 6338 and 2041) Address Cork Gully, Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ.

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Notice of appointment of liquidator
Creditors Voluntary winding up

F H SLADE LIMITED

Company number: 2403818. Nature of business: Metal Dealers. Type of liquidation: creditors. Address of registered office: 62 New Road, Reading, Berkshire RG1 1JG.

Liquidators name: John Martin Iredale. Liquidators address: 9 Greyfriars Road, Reading, Berkshire. Office holder number 002104.

Date of appointment: 12 February 1992

By whom appointed: Members and Creditors.

J M Iredale, Liquidator.

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Notice of appointment of liquidator
Voluntary winding up

F H SLADE LIMITED

Previous name of company: CARDSENT LIMITED. Company number: 2403818. Nature of business: Scrap Metal Merchants. Type of liquidation: creditors, voluntary. Address of registered office: 9 Greyfriars Road, Reading, Berkshire.

Liquidators name and address: John Martin Iredale. 9 Greyfriars Road, Reading, Berkshire. Office holder number 2104.

Date of appointment: 12 February 1992

By whom appointed: Members and Creditors.

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Notice of Appointment of Administrative Receivers

F & W HYDRATECH LIMITED

Registered No: 2362573. Trading name: F. W. Hydratech Limited. Trade classification: 27. Name and address of receivers: David John Stokes and Anthony James Wood, Cork Gully, 1 East Parade, Sheffield S1 2ET (Office holder numbers: 2682 and 2963) Date of appointment: 2 March 1992. Name of appointer: National Westminster Bank Plc.

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Notice of Administration Order

I.M.R. LTD

Registered number: 1978445
Nature of business: Industrial Market Research. Trade classification: 46. Administration Order made: 14 February 1992
John A Talbot.
Joint Administrator (office holder no 2731).

## MANAGEMENT

**Lucy Kellaway** finds Lord Weinstock sharing the limelight with paintings of his prize-winning racehorses in an otherwise gloomy room

# Down at heel in Mayfair

MY OFFICE

Lord Weinstock sits slumped behind his desk. He does not get up when you come in. The office is dark, even though it is the middle of the afternoon. The dingy hanging blinds are drawn, spotlights pick out his desk and his prized paintings of racehorses on the walls. In between are pools of obscurity.

The room is sweltering. The chief of the General Electric Company looks perfectly at ease in shirt-sleeves, but visiting businessman are expected to sweat into their jackets, perched on uncomfortable chairs.

The headquarters of one of Britain's biggest industrial companies is so run down that it would put much smaller organisations to shame.

Its ugly, modern box shape and dirty mixture of concrete, steel and glass – fashionable in the 1950s – are a blot on its Mayfair surroundings.

The rounded lettering displaying the company's name and the dreary inside of the building do not seem to have been changed since GEC moved there in 1963.

Upstairs on the chairman's floor, some of the florescent corridor lights do not work, and the ceiling tiles are uneven.

A ring of grease and dirt surrounds the button that calls the lift. Lord Weinstock cannot remember the last time his all-brown office was decorated.

Even he agrees that enough is enough, and finally the building is to be redone. "The place must be sufficiently bright not to depress people," he says.

A hint to the future is given by the waiting room on ground floor which has recently had a face-lift with a cheap pink carpet and pink squashy sofas which sit bleakly around the unadorned walls.

Weinstock appears quite unbothered by the image that the building gets across. "I'm not interested in image. We are what we are."

That is certainly true of Weinstock, an original, a manipulator, a chauvinist and a charmer.

He does not abide by the conventions that bind the bosses of other companies. He gets into work at 9.30 or 10am and stays until late at night, locking the papers into his safe before going back to his London flat.

"Most of my life revolves around my job. It is what I am doing most of the time, wherever I am." Even when he should be asleep, he lies awake thinking about work.

He likes to be in command of his day, and only once a year – at budget time – does he allow himself to tied down by formal meetings.

"I am not normally aware long in advance of what is in my diary," he says.

Inside the black volume, all the pages seem to be completely empty. "This does not run my life", he says slamming it firmly shut.

By contrast, both doors at either end of his office are wide open. Through one of them, Sarah Morrison, GEC's blue-stocking director of communications emerges, puts some papers on Weinstock's desk, and tells him something that she thinks is funnier than he does.

His room makes few concessions to modernity. The old brown corduroy sofa and chairs are something to fill the space; Weinstock never leaves his "nest" in the corner. There is no computer screen on his desk.

"If I want to know our share price, I can see it on this, a device which we invented." He snatches up the remote control of his television and has some trouble getting it tuned to Teletext, and starts to shout.

Eventually he manages it and calm returns. A more heavily used gadget is the telephone, on which he spends about a third of each day.

He is quick to get on the phone himself, sometimes launching into a harangue before he has said who he is. Indeed, he has no fewer than 232 numbers on a short dial code, which are just the people who he speaks to often.

Weinstock rejects the usual hierarchy within companies, and has no qualms about ringing up the manager of a small depot, getting him to explain himself if any complaints have made their way to head office.

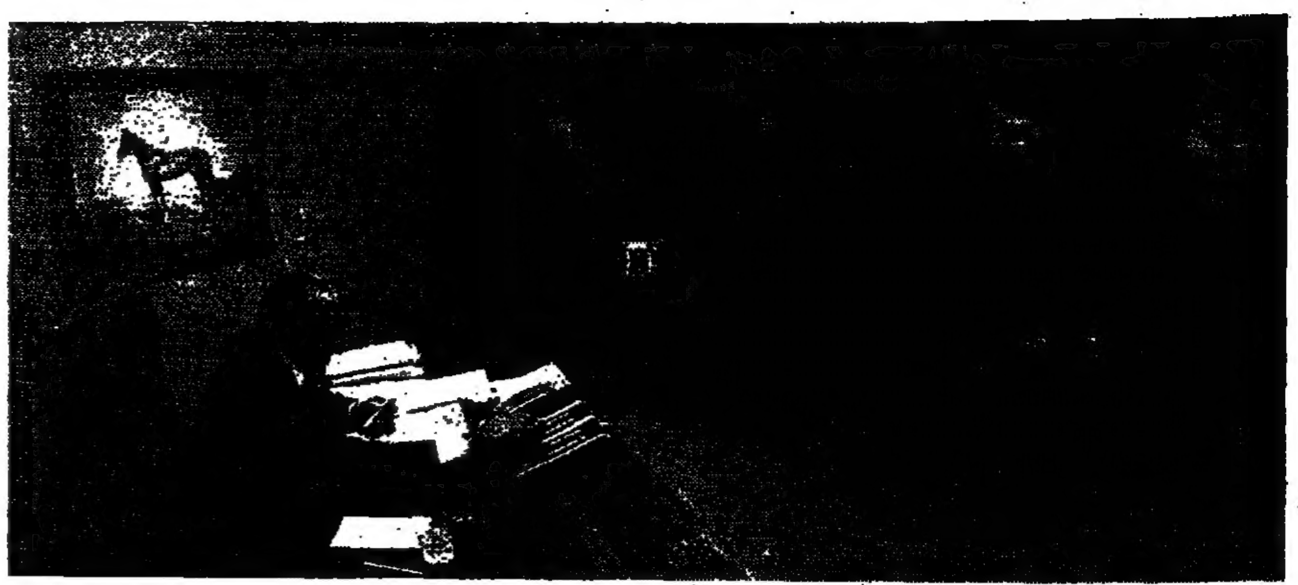
He has no personal staff, apart from a secretary and on his own admission, he is not much of a one for delegating. "I don't delegate the jobs I am doing," he says.

"If I can't do a part of a job, I delegate the thing to someone else."

Although Weinstock is a big family man, there are no pictures of his family around, indeed, no pictures of human beings at all.

Instead he rattles off all the prizes won by his horses around the room, as well as the races they ought to have won.

"You have to have something on the walls and they are more beautiful than people," he says.



Ashley Ashwood

Lord Weinstock: "Most of my life revolves around my job. It is what I am doing most of the time, wherever I am."

# Car-makers drive a hard bargain with ease

**Nicholas Denton** reports that western executives are finding unparalleled freedom in Hungary

Ernst Hofmann, like many before him, has found crossing the line of the Iron Curtain a liberation. But Hofmann, no refugee, is a senior executive with General Motors and it is eastwards he travels every morning from his Austrian home to run the US motor group's new factory just across the east-west border in Hungary.

At GM's car and engine plant near Szentgotthárd in western Hungary, which turns out its first Opel Astra hatchback today, Hofmann is freer to manage than he has ever been elsewhere. "I have total flexibility," Hofmann says enthusiastically.

GM Europe, one of the three western car-makers leading a rush of foreign investment into Hungary, has been pleased, too. Pleased enough to boost its investment at Szentgotthárd from DM250m (£56.8m) to DM350m even before production has started.

GM knew that the plant's labour costs would be the cheapest in Europe and tax treatment among the most generous. All-in labour costs are DM4 per hour, compared with DM35 or DM40 in Germany, while Hungary has given GM a five-year tax holiday. The happy surprise is productivity. Output per man-hour – at the engine-making facility, at least – will be "at the top" of GM's European rankings, if Hofmann's reckoning proves right.

"We can introduce a different manufacturing system here," explains GM Hungary's managing director. "To do it from scratch is so much easier."

Szentgotthárd has implemented the "team concept" to an extent unparalleled in GM's western plants and matched only by Eisenach in eastern Germany. Teams of production workers are responsible for everything from safety to quality assurance. In parallel, the layers in the organisational hierarchy have been cut to four from the six or seven that GM averages. "I have no foreman," says Hofmann in a tone verging on wonder.

All this has been possible because no rigid demarcation lines, trade unions or established working practices cramp the managers' right to manage. Workers cannot refuse a draft from car-making to engine-making. Nor is there any segregation of salaried and hourly-paid staff, nor of skilled and unskilled.

GM has been far from alone among western car companies in embarking on a management revolution in Hungary. Ford, GM's US rival, is equally bullish as it gears up for next month's start of production at its $83m car components plant at Székesfehérvár.

There is one vital ingredient, neglected at a car-maker's peril, that makes Hungarian workers amenable – pay. Japan's Suzuki Motor Corporation, on the brink of completing a $285m assembly plant at Esztergom for Swift cars, found that out the hard way.

Hungarian trainees sent to Japan went on strike and 10 per cent of them returned home early, some sacked for smoking on the factory floor, refusing to wear safety equipment and, in one case, working on only every other car.

Besides, a diet of rice and fish – innards and all – that both sickened and starved the Hungarian meat eaters, compulsory overtime and the unremitting pace of work, were grievances. What made the unpleasant unbearable, said returnees, was mean pay that was only average by Hungarian standards. Hungarian workers expect more of foreign companies.

Suzuki still thinks it will have a good workforce in the end. The Japanese transplant is, in any case, the exception that proves the rule. GM and Ford show that, handled carefully, Hungarian workers can be exceptional value for money.

The irony is that the quality of the workforce, praised so much by the car multinationals, was not the determining factor in their Hungarian investments. The decisions were made to gain market access. The plants were set up to satisfy the Hungarian government's requirement for countertrade – to offset the balance of payments effects of selling cars locally.

That logic went out of the window when Hungary, in line with the rest of eastern Europe, liberalised car imports. Hungarian consumers, strapped for cash in a deep recession, bought second-hand cars from western Europe, if at all. Investing car-makers have pressured Hungary, as they have its east European neighbours, into tightening up car import quotas this year to restore some of the lost local advantage. But sales remain disappointing.

GM sold only 2,200 cars in Hungary last year and is likely to fall into the absurd situation of exporting some of the 15,000 Hungarian-assembled Astras back to western Europe each year. The costs of transporting parts and cars back and forth, and the uneconomic scale of the car-making facility, outweigh the savings on labour.

But the car-makers are in too deep to draw back now. GM, Ford and Suzuki are inclined to make the best of the situation, mainly because they are still enticed by the long-term prospects for east European car sales. The belief remains that Hungarians, who own 152 cars per 1,000 people, less than a third of the western level, will buy cars as soon as they have the money.

In the meantime, the quality of the workforce is giving reason to hold on. Car-makers may have come to Hungary for its consumers but they are staying for the country's workers.

## FT LAW REPORTS

# Oil rig contract is not frustrated by revised drawings

**MCALPINE HUMBEROAK LTD v MCDERMOTT INTERNATIONAL INC**
Court of Appeal
(Lord Justice Lloyd, Lord Justice Wolf and Lord Justice Russell):
March 5 1992

**A CONTRACT is not frustrated by pre-signature events of which the parties are fully aware when they sign, and which are provided for in its terms. And where time is of the essence, delay which on the evidence is caused by the contractor does not displace lump sum provisions for his payment so as to entitle him to increased prices going beyond those provided for in the contract.**

The Court of Appeal so held when allowing an appeal by the defendant, McDermott International Inc, from a decision of Judge Davies QC sitting with two assessors that a contract between it and the plaintiff, McAlpine Humberoak Ltd, had been frustrated. An appeal on McDermott's counterclaim was allowed.

The appeal was the first on fact under the new procedure under Order 58 rule 4(b) of the Rules of the Supreme Court.

LORD JUSTICE LLOYD said that north of Aberdeen was an off-shore drilling rig, known as the Hutton Tension Leg Platform.

The contract for construction of the deck structure was placed with McDermott.

The top deck consisted of nine massive steel pallets, welded together to form a platform. Each pallet comprised nine plate girders joined together by tees, and covered by deck plating.

On November 18 1981 McDermott awarded the sub-contract for four of the pallets, numbers W3, W4, W5 and W6, to McAlpine. It was not signed until March 24 1982, but was to take effect from November 18 1981.

The total sub-contract price was £890,330. Completion dates for W3 and W4 were February 8 and 1 1982 respectively.

W3 was not delivered until July 17, and W4 was not delivered until September 11 1982.

The costs actually incurred by McAlpine came to £2.59m. It claimed £3.54m. It said that sum was due under the contract, or as damages for breach of contract.

Judge Davies QC held that the contract had been frustrated.

That came as a surprise to the parties, since frustration had not been pleaded or argued.

The judge awarded McAlpine a *quantum meruit* [the amount it deserved for work done] equal to its costs, plus 10 per cent profit, less £1m already paid by McDermott. He dismissed a counterclaim by McDermott.

On the present appeal Mr Thomas for McAlpine did not support the judge's finding on frustration, but sought to sustain his conclusion on other grounds.

Under the sub-contract time was of the essence. McAlpine was to complete work by the specified dates. It was entitled to be recompensed if acceleration was necessary due to McDermott's actions.

By clause 35 McDermott might at any time direct McAlpine to make a change in the scope of the work. The change was not to be carried out until McAlpine had received a change order, signed by McDermott.

McAlpine was to prepare shop drawings, and no fabrication was to be performed until they had been completed and reviewed by McDermott. Shop drawings were to be based on "approved for construction" (AFC) drawings, and should show all details required for fabrication.

McAlpine was to be paid lump sum prices for fabrication, assembly and other work. The lump sum was to be based on quantities agreed and stated in the sub-contract.

Performance of the sub-contract fell into three stages.

The first was the pre-production stage. It included preparation of shop drawings based on AFC drawings issued by McDermott's employer, preparation of steel for welding, manufacture of jigs, qualifying weld procedures for use in fabrication, and qualifying welders.

The second stage was fabrication of the plate girders and tees. It was planned to take 11 days. In fact it took seven weeks.

The third stage was assembly of the pallets.

The greater part of the delay, and by far the greatest part of the additional costs, occurred during phases two and three.

McAlpine's case was that the main cause of delay was the issue of a large number of revised AFC drawings after the contract had been placed. The first issue, consisting of 45 drawings, was received by McAlpine on December 1 1981. The second, consisting of 17 drawings, was received on December 11.

There were 22 new issues in all. They meant that the shop drawings had to be revised. It was said the revised AFC drawings created havoc in the drawing office and disrupted production in phase 1, and had a knock-on effect in phases 2 and 3.

The second cause of delay, according to McAlpine, was McDermott's failure to answer technical queries (TQs) as promptly as it should have done. The third cause, it said, was the issue of variation orders (VOs) under clause 35, changing the scope of the work.

McDermott's case was that the revised drawings, and the failure to give prompt answers to TQs, were no more than was to be expected in the North Sea oil industry, and had no disruptive or delaying effect. It said it had paid more than McAlpine was entitled to under clause 35 in respect of the VOs, and that they did not disrupt production.

McDermott also said the delay in phase 1 was caused by McAlpine's failure to qualify its weld procedures until just before fabrication started on February 16, and to complete manufacture of jigs for fabrication of plate girders until early February 1982. It said the main causes of delay in phases 2 and 3 were the vast amounts of remedial work due to poor quality welding.

The judge found it was the revised drawings which generated the excessive number of TQs.

He said they "transformed a contract based on 22 drawings into one based on 161 drawings ... They distorted its substance and identity."

He said time went out of the window with the first two issues in December 1981, and the effect was "to put paid to the lump sum constituent of the contract as well. From that time, time was at large".

He concluded that the effect of the changes was to frustrate the original venture virtually from the start.

The present court could not agree with his reasoning, nor with the conclusion that the contract was frustrated.

The revised drawings did not "transform" the contract into a different contract, or "distort its substance and identity". It remained a contract for the construction of four pallets until March 24 1982, when W5 and W6 were withdrawn.

The judge found the contract was frustrated as early as December 11 1981 on receipt of the second drawing issue.

That was over three months before the sub-contract was signed.

The sub-contract when signed provided expressly that receipt of drawings would constitute change instructions for the purposes of clause 35, and that McAlpine should be recompensed for the additional time and work involved.

If the court were to uphold the finding of frustration, it would be the first contract to have been frustrated by matters which occurred before the contract was signed, and were not only well-known to the parties, but were provided for in the contract itself.

The judge held that, since the contract was agreed to take effect from November 18 1981, one must construe it in the light of circumstances then existing, and what the parties then knew.

If that meant the court was to disregard the fact that the contract was signed by the parties with their eyes open on March 24 1982, when the causes and consequences of the alleged frustrating events were already largely in the past, it could not agree.

The inherent probabilities, the contemporaneous documents and the overwhelming weight of the oral evidence all pointed in one direction. The cause of delay in starting fabrication was McAlpine's failure to qualify its weld procedures before February 15 1982. It had nothing to do with the causes found by the judge.

The contract was not frustrated. The lump sum price was not displaced.

The appeal was allowed. Judgment was given for McDermott on its counterclaim for damages in respect of additional site personnel employed after the period representing the overall impact of the extra work had expired.

*For McAlpine: Christopher Thomas QC and Peter Coulson (Glovers).*

*For McDermott: John Uff QC and Lionel Persey (Ince & Co).*

**Rachel Davies**
*Barrister*

## BUSINESSES FOR SALE

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IN THE MATTER OF

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# INTERVIEW TECHNIQUE

## A Seminar For Newly-Qualified Accountants

## Hyatt Regency Hotel, Birmingham

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# Ballet for Sax

**LILIAN BAYLIS THEATRE**

There is room – there is need – for good chamber ballet, for work of quality suited to small performing areas. The concert groups sent out by Scottish Ballet and English National Ballet fulfil a very necessary function in taking classic dance to audiences who might otherwise have no easy occasion to see it. The Royal Ballet makes no such effort, and it was the enterprise of former Royal Ballet artists, led by Jennifer Jackson, which created *Dance Advance* a few years ago. The inspiration for the troupe was to sustain new and adventurous choreography for modest "concert" presentation.

Dance Advance had notable dancers and gained one major piece in MacMillan's *Sea of Troubles*: its failure to continue, for varied reasons, was a distinct loss. Now Jennifer Jackson has revived the idea – with different collaborators – as *Voltaire*, a madly resistible title but a thoroughly worth-while venture. Distinguished dancers, present and former members of the Royal Ballet, are involved – Bryony Brind, Mark Silver, Laura Hussey, Michael Corder – and even after one viewing I am tempted to suggest that the Royal Ballet benefit from closer association with an ensemble which could take good dancing and good dances to audiences who otherwise might never see our national ballet.

Not that this first programme was all beauty and light. Jennifer Jackson was, I believe, misguided in juxtaposing the work of the saxophonist John Surman and the pianist John Taylor with Debussy's *Trois chansons de Bilitis* in her *Alter Ego*. Sally Burgess sang these most exquisite *mélodies* with loving intelligence, and moved gracefully through *poses plastiques* with Bryony Brind, Michael Corder and Mark Silver – her musical and dramatic subtlety, Silver's intensity, making something memorably sensuous of *La chevelure*. But the subsequent musical fantasies from John Surman and John Taylor on Debussian phrases, as accompaniment for predictable dances, were indefensible, philistine.

Music and dance were happily reunited in Michael Corder's new *In the Mists*. Corder is a true craftsman as well as a true choreographer, and he judged the small dance area of the Baylis Theatre and the qualities of his interpreters exactly. Thomas Kaurich played Janacek's four eponymous piano pieces very well indeed. Henk Schut provided a mist-filled stage marked by three poles, dressed the quartet of dancers (Brind, Silver, Laura Hussey, Michael Rolnick) in grey leotards, and lit the piece brilliantly.

Corder produced dances as allusive, haunting, riven with fleeting emotions, as his score. It was a pleasure to see dance so poetic, and so featly made for close observation in a restricted area. It was no less a pleasure to see the authority and distinction of manner of Bryony Brind and Mark Silver. Here is a perfect example of how ballet of real worth may be made available for the smallest stage. I hope funding and touring authorities take note.

**Clement Crisp**

# The survival of the Jews

*Jackie Wullschlager reviews 'Patterns of Jewish Life' in Berlin*

This year marks two, chillingly connected, anniversaries in Jewish history: 1492, the date of the expulsion of all Jews from Spain, and 1942, when the Nazis fixed on "the final solution" in a Berlin villa and Auschwitz began operating as a murder factory which killed 6000 people a day. "Who in the world would go voluntarily to Berlin?" asked the novelist Joseph Roth in 1927, when there were over 150,000 Jews in the German capital. Today, there are 5,000.

*Patterns of Jewish Life*, at Berlin's Martin Gropius Bau (to April 26) commemorates not the terror but the survival, continuity and range of Jewish experience. "Two Jews, three opinions", goes the proverb; this exhibition is at once a triumph of diversity, a feast of visual delights and an enthralling history told through paintings, objects, books, archives. Everyday life – Moroccan costumes, mementos from the Polish shtetl – rubs along with all the richness and colour of spirituality made tangible: a thousand-year-old Pentateuch (the five books of Moses), a model of the Indian synagogue of Cochin's "white Jews", a painting of the Altneushul in Prague, the oldest synagogue still in its original form.

The elegantly-proportioned Martin Gropius Bau sets the story of 2000 years of exile and world-wandering to fine advantage: its open courtyard is a "holy tent" where the core of Judaism, the written word, is explored; leading off in all directions, a circle of bright, large rooms allow the visitor to pick up historical or thematic links at any point. There is no dogma, but cumulatively, the chronicle of cultural exchange between Jews and the varied regimes within which they have lived, and the restrictions and fear which Jewish thought and aesthetic expression have provoked over the centuries, waves like a banner trumpetting the power and importance of artistic and cultural life in any society.

Nothing demonstrates this better than the cultural history of Berlin itself. By the 19th century, Jews hoped to gain acceptance by converting – "the certificate of baptism is the entrebillet to European culture", wrote Heinrich Heine – and, when they were granted citizenship rights in the founding of Germany in 1871, most identified strongly with the Wilhelmine empire and later with the Weimar republic. The parade of political notables here ranges from Bismarck's banker, Gerson von Bliechroder, the curled moustache and stately pose of Emile Wauter's 1888 portrait the very essence of Prussian dignity, to Edvard Munch's picture of the cigar-puffing patron of expressionist artists, Weimar Foreign Minister Walter Rathenau (later murdered by the Nazis).

The run of assimilated bankers and entrepreneurs who gained public success lulled Jews into a false sense of security. Those from the east, passing through en route to America, often stayed; the city's high point as capital of the European avant-garde in the first third of this century would have been impossible without artists like Max Brod, Joseph Roth, Max Reinhardt, who settled there until their works where burned or banned by the Nazis and Berlin was denuded as a cultural centre.

Arthur Kaufmann's massive triptych, "Intellectual Emigration", tells the story: its three parts – leaving occupied Europe, the Atlantic crossing, arrival in New York – contain life-size portraits of 38 Jewish artists, from Kurt Weill to Klemperer, who fled. A Hanukkah menorah draped in the Stars and Stripes, each of its eight branches a statue of liberty clasping a birthday-cake candle, makes a companion piece of joky optimism.

In "Ulysses", Stephen's teacher Mr Deasy proudly declares Ireland's record as the only country which never persecuted the Jews – "because she never let them in". The great contrast of this exhibition is between 19th and early 20th century American religious liberalism and European repression, and the resulting erratic relationship between the Utopia of Jewish idealism, the return to the promised land, and the actual Utopia of the new world. Cultural conflict in America became that of Jew against Jew – bourgeois Americanised German Jews versus proletarian, orthodox, Zionistically-inclined Russian Jews: a foreshadowing of similar tensions in Israel today.

'Orthodox Jews of Prague: Funeral Brotherhood' by Chewra Kaddischa, 1780

"We German Jews are spiritual proletarians, while the Polish Jews, who live in proletarian conditions, are aristocrats of their spirits", wrote Franz Rosenzweig in 1918. Among the highlights at the Martin Gropius Bau is the reconstruction of the shtetl world of east European Jewry. Famous pieces like Chagall's appear here in the context of Jewish folk art such as Issachar Ryback's topsy-turvy villages and frenzied violinists in the cycle "The Little Town".

Cultural centres which disappeared completely with Hitler – Vilna, for example, the "Jerusalem of Lithuania", where newspapers appeared in six languages, exports included the international hit play *The Dybbuk*, and half the population in 1939 was Jewish – are evoked through paintings, photographs, manuscripts, with the nostalgic intensity and mystery of a Bashevis-Singer novel.

Even in an account designed to celebrate Jewish achievement, pogroms and forced baptisms and persecution form as inescapable part of the tale. What is valuable in a show of this scale is the long view, which shows how minor indignities imposed over the centuries were built upon as the foundations for the horrors of the Third Reich. Special degrading clothing for Jews, for instance, was ordered in 13th century Vienna; by 1551 Ferdinand I's Jews were forced to wear a yellow ring; later, Prague Jews wore a yellow collar; Hitler's yellow star, therefore, must have initially been seen not as uniquely menacing but as a variation on a long-ordained "yellow stain".

The Dreyfus case in the 1890s, where justice was eventually done and the Jewish officer Dreyfus rehabilitated, had by ironic contrast a vehement impact in persuading European Jews that they were not as assimilated or safe as they had thought: Theodor Herzl's response, the book *The Jewish State*, laid the foundations of Zionism.

Without driving at specific answers, "Patterns of Jewish Life" throws up all the timeless questions about Jewish identity, the significance of faith – "J'ai trop peu de religion pour en changer", was the celebrated reply of an old French lady when asked why she did not convert – the essence of Jewish art and thought, the differences between anti-Judaism, anti-Semitism and anti-Zionism. The exhibition is a magnificent record of the entwined fate of a people, a religion and a culture which no one interested in recent history would want to miss.

# The Barber of Seville

**PALACE THEATRE, WATFORD**

I would like one day to see a Figaro Festival. It should include not only the three Beaumarchais plays that launched this character upon the world and the Mozart and Rossini operas that made him yet more famous, but also Horvath's modernist masterpiece *Figaro Gets Divorced* (staged in 1990 at the gate), Renoir's classic film *Les regles du jeu* (inspired by Beaumarchais), the very cut Tito Gobbi film of *Rossini's* opera (seen last Sunday on Channel 4) and more.

Here on the British stage is the father of all Figaros, Beaumarchais's *Barber of Seville*, seldom seen today. Figaro is a character who faces backwards and forwards in history. He is derived from the Harlequin of *commedia dell' arte* and from the comedies of Terence and Plautus; but he is also a symbol of the social forces that brought down the *ancien régime*.

Unfortunately, this account is not greatly to be recommended. This play is much harder to bring off than its sequel, *The Marriage of Figaro* (or *Figaro's Wedding*, call it what you will). Beaumarchais's text is a thin fabric that seems once to have been embroidered with *commedia* vitality and incendiary nuance. Lou Stein's production fast-forwards over delicious crises that surely need to be prolonged to the point of delirium, and creaks through witty manoeuvres that should pass like quicksilver.

Alastair Muir

Helena Bonham Carter

Every role is undercast, but Figaro most so. Lee Cornes, a bland barber who blunders with the text, makes it impossible to understand why his is the title role. Helena Bonham Carter is a spoilt deb of a Rosine. Her pertness is appropriate, but she has not the warmth to make this role loveable, the elegance to make it distinguished or the the vulnerability to make it touching.

Oliver Parker is a yuppie Almaviva. Barry Jackson does nothing wrong as Bartolo, but not enough right. (Imagine the comic inventiveness that a Paul Eddington might bring to the role and you have a clue to how intoxicating *Barber* could again become.) The dancing of Gemma de la Cruz before and after each scene lends a welcome dash of Spain to proceedings, which is then vitiated by the cast's coarse pronunciation of "Rosine" and "José".

The translation is by Ranjit Bolt and follows his *Marriage of Figaro*, given last year by this theatre. Bolt is an irrepressible rhymester – he cannot resist turning bits of Beaumarchais's prose into verse. And his few outbreaks of rhyme here are better timed than the big one in *Figaro*.

Bolt is the virtuoso of yuppiespeak, and greatly talented. But prose does him good; it sometimes stops him advertising his own cleverness. Even so, more than half the jokes here aren't by Beaumarchais; and some of Beaumarchais's best lines have been pruned away. Too often Bolt sounds like a loutish loudmouth, trying to make sure that his voice will always be heard over that of the original playwright.

**Alastair Macaulay**

# Measure for Measure

**RSC, YOUNG VIC**

Trevor Nunn's riveting RSC staging of this great, imperfect, ambiguous and infinitely rewarding play has now reached London after a national tour. On this page Andrew St George praised its premiere at Stratford's The Other Place in September; here I add my voice to his. The RSC has done this play proud before, and this production does not surpass some of the versions we saw in the 1980s. Shakespeare's vague Vienna here becomes *fin de siècle* Vienna, and Nunn has gone overboard on realism. The play begins with waltzing to Strauss; tramlines mark the floor.

Where this account scores is in tension and intimacy. The audience, seated close on three sides, follows excitedly the moment-by-moment development of the big scenes: in particular, the dilemmas and conflict raised by Isabella's staunch adherence to chastity and Angelo's hypocritical and blackmailing siege of her virtue.

The production's most daring stroke is in casting young Claire Skinner as Isabella. I have never heard a Shakespearian heroine spoken less musically. Her bright teenage voice, spanning no more than a half-octave, shakes and breaks the text into short half-phrases. Yet all of this flies fresh like a dart from her heart. This is the most artless of Isabellas, with both the fervour and the nervousness of the young; she has a streak of St Joan in her.

Most brilliant is the psychological acuity – especially in terms of body-language – of her scenes with Angelo (David Haig). His first special attention to her is that of a schoolmaster with a keen pupil; he sits her down and explains how things must be. But then she, with unthinking precocity, tells of authority's medicine. "Go to your bosom, Knock there, and ask your heart..." she says, and she listens to his heart, half like a doctor. So, unintentionally, she thaws this stiff-bodied ruler to guilty sexual arousal.

Nunn has elsewhere tinkered with the text. Lucio's "Grace is grace, despite of all controversy" line, often cut, is back, but some scenes are re-ordered, some words altered and the Duke's big central rhyming-couplet speech has been chopped into three and redistributed around the play.

This production avoids the grand scale whereby Nicholas Hytner's 1987-89 staging showed so movingly the layers and connections of a complex society. Shakespeare's abiding questions about governance and fitness to rule count for little, and the strange and wonderful role of the observer Duke is diminished. Philip Madoc further spoils this by adopting, for his scenes in disguise as Friar Lodowick, a sustained Welsh kind of Mummerset accent. But every role is sharply characterised, and the mood swings finely between serious and comic.

Though not definitive, this staging (running until April 25) is to be urgently recommended to anyone remotely interested in Shakespeare. (It could even convert some who aren't.) Its suspense and intensity are rare, and they illumine some vital facets of this perennially fascinating play.

**Alastair Macaulay**

# Cabal and Love

**LYRIC STUDIO, HAMMERSMITH**

This is Friedrich Schiller's early, fiery prose-drama *Kabale und Liebe*. It deserves revival because it is not only a "seminal" play, but a masterly one, granted its dated conventions. Which is to say: it uses its melodramatic scaffolding to soar above it – but the challenges confronting any modern revival are that the dusty scaffolding must hold firm, and that the ardour of Schiller's rhetoric should come up fresh.

As directed by Patrick Wilde, the Theatre Manoeuvres company partly manages those things: well enough, at least, to make its *Cabal and Love* a fascinating discovery. The passion is sometimes muted. In the close quarters of the Lyric Studio, the actors are inclined to play safe, and David Paisey's new Englishing is no more than tamely faithful. Its diction slides between 20th-century colloquial and 19th-century fustian. Yet the drama is set out lucidly, without extraneous tricks.

Schiller's play was first a pillory for his native principality of Würtemberg, and then – much less precisely, but with a huge overflow of feeling – a manifesto for radical Romantic ideals. There is a remote, self-indulgent Prince, whom we never see, and around him a cabal of minor aristocrats, who insulate him from the people while advancing their own interests, and below them the docile burghers.

The mainspring of *Cabal and Love* is the unsuitable love of the executive President's son for a burgher's daughter: the kind of story which holds the stage now only in the likes of *Giselle* and early Donizetti, fairy-tales in which everybody is fated to his or her station. In Schiller's genuinely political drama, however, every twist of the plot-screw illustrates the power-relations between divided classes. Against that cruel spiral young Ferdinand's and Luise's protests rise to prophetic vehemence, and their final trap has the hard shape of tragedy.

The translation and the playing alike fudge one aspect of the dialogues: that the speakers – however angry or bitter – know their places to a nicety, and speak accordingly. That enforces a formal mode, upon which Schiller capitalised grandiloquently. Here, the players are too politely modern-democratic. Gil Sutherland's clever President has to be feline and insinuating, not the formidable power-figure of the German production seen at the Aldwych several years back; and only toward the end does Christopher Hollis's personable Ferdinand get nearer to passion than well-bred, low-wattage petulance.

Sarah Burghard's Luise, winsomely sincere and self-deprecating, acquires moral force only in her face-off with the Prince's mistress, the exotically English "Lady Millford". In fact Adrienne Thomas is no believable English Lady, but a rampant *Dynasty* character – which is all to the good: she strikes vital sparks. Best of all is Steve Hodson as the President's devious secretary Wurm, finding intelligent depths in a character Schiller wrote as a pure, slimy villain.

**David Murray**

## INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

**There will be two Easter festivals of international importance this year – Salzburg and Lucerne. The Salzburg Easter Festival has been in business since 1967. The Lucerne Easter Festival is making its debut. Both towns are ideal festival venues, and like Salzburg, Lucerne has a popular and long-established summer festival which has acted as a springboard for the Easter event.**

**Lucerne's Easter Festival (April 16-21), masterminded by the Swiss conductor Matthias Bamert, makes specific reference to the religious associations of Easter, beginning with three days of sacred music involving all the main Lucerne churches. *Philippe Herreweghe* will direct Bach's Matthew Passion in the Jesuitenkirche (April 16), and the Taverner Choir will give a Schutz programme in the Pfarrkirche Hitzkirch (April 17).**

**The Easter Saturday service in the Hofkirche is the most original event on the programme: *it consists of Guillaume de* Machaut's 14th century Mass, *interspersed with organ and vocal* works by Hildegard von Bingen, Messiaen, Penderecki and Klaus Huber. An Easter Sunday service in the Jesuitenkirche will feature sacred music by Bach and Honegger, whose centenary is being celebrated this year.**

**The second half of the festival is purely symphonic, with three concerts by the London Symphony Orchestra in the Kunsthaus (April 19-21). Michael Tilson Thomas will conduct a Britten, Berlioz and Brahms programme, and Mariss Jansons will be in charge of two concerts, including Mahler's First Symphony and Ibert's Flute Concerto played by James Galway (*Lucerne International Music* Festival, Hirschmattstrasse 13, CH-6002 Lucerne, tel 041-235272).**

**The Salzburg Easter Festival, for long the personal fief of Herbert von Karajan, is now presided over by Georg Solti. This year's festival begins and ends with Die Frau ohne Schatten (April *11 and 20), in a new production* by Götz Friedrich which will also be seen in the summer.**

**Solti conducts two concert programmes of Mendelssohn and Shostakovich, and Claudio Abbado will conduct four concerts, including Schumann's Requiem fur Mignon and Mendelssohn's *Lobgesang Symphony. The* resident orchestra is the Berlin Philharmonic.**

**One of this year's highlights will be an Easter Sunday matinee, in which Anne Sofie von Otter and Olaf Bär will join forces with Geoffrey Parsons for a performance of Hugo Wolf's Spanish Song Book (Salzburg Easter Festival, Festspielhaus, *A-5010 Salzburg, tel 0662-8045* 361).**

### EXHIBITIONS GUIDE

**BERLIN**

**Altes Museum** Degenerate Art: 100 examples of avant-garde German art in the 1930s which fell foul of the Nazis. Ends May 31. Also German Expressionists: 120 watercolours and drawings by members of the Brücke, the Blaue Reiter, Kokoschka and others. Ends May 3. Closed Mon
**Martin-Gropius-Bau** The Jewish World: a major survey of Jewish lifestyle, culture and history around the world. Ends April 26. *Daily*

**FRANKFURT**

**Deutsches Architekturmuseum** Antonio Sant'Elia: 400 drawings by the revolutionary early 20th century Italian architect. Ends May 17. Closed Mon

**HANNOVER**

**Sprengel Museum** John Heartfield: *centenary exhibition of* 300 works by the satirical Agit-Prop artist. Ends May 24

**LONDON**

**Tate Gallery** Otto Dix (1891-1969): centenary exhibition covering all periods of the career of the foremost German realist artist of the 20th century. Ends May 17. *Also David Hockney: Seven* Paintings. Ends July 26. Also Brice Marden (b New York 1938): leading contemporary painter-engraver. Ends June 21. Also Turner: watercolours and drawings 1830-1840. Ends May 10. Daily
**Royal Academy of Arts** Alexander Calder (1898-1976): an exhibition charting a course through the career of a much-loved US artist, *including mobiles, jewellery, wire* sculptures, tapestries, prints and drawings. Ends June 7. Also Andrea Mantegna. Ends April 5. Daily (Tickets can be booked in advance on 071-287 9579)
**Barbican** Van Gogh in England: the impact of the artist's 1873-6 visit on his later drawings and paintings. Ends May 4. Daily

**MADRID**

**Museo Sorolla** Zorn and Sorolla: an exhibition devoted to one of Sweden's most beloved painters, Anders Zorn (1860-1920), and his friend, the Spanish painter Joaquin Sorolla y Bastida (1863-1923). Ends May 3 (Paseo del General Martinez Campos)
***Centro de Arte Reina Sofia*** Visionary Switzerland: an expression of the Swiss identity in art, including work by artists as diverse as Adolphe Appia and the Giacometti brothers. Ends May 10. Closed Tues

**MANCHESTER**

**Whitworth Art Gallery** Arnold *Schoenberg: paintings and* drawings by the experimental Viennese composer. Ends May 9. Also expressionist prints by Oskar Kokoschka. Ends April 25. Also 19th century Japanese Prints. Ends May 2. Closed Sun
**City Art Gallery** Turner and the Poetic Landscape: 35 watercolours, plus two major oil paintings. Ends June 7. Daily

**MUNICH**

**Stadtmuseum** Ignatius Taschner (1871-1913): a retrospective of the German sculptor and illustrator who embraced Jugendstil and Neo-classicism. Ends May 17. Also Annie Leibovitz: Photographs 1970-90, documenting American popular *culture over the past two decades.* Ends March 22. Closed Mon
**Kunsthalle der Hypo-Kulturstiftung** Georg Baselitz: retrospective of the German artist who ranks as one of the great painter-engravers of the 20th century. Ends May 17. Daily

**NEW YORK**

**Metropolitan Museum of Art** William Harnett: 50 works by a late 19th century American master of still-life painting. Ends June 14. Also Barbizon: six masters of the French 19th century school of naturalist landscape. Ends May 3. Closed Mon
**Brooklyn Museum** Arman (b1928): 70 works by the French-American *avant-garde artist. Ends April 26.* Closed Mon and Tues
**Museum of Modern Art** Allegories of Modernism: contemporary American and European drawings. Ends May 5. Also the William S Paley Collection: works by Cézanne, Gauguin, Degas, Picasso, Matisse and others. Ends April 7. Closed Wed
**Whitney Museum of American Art** Paul Strand: first major retrospective of the outstanding American photographer who died in 1976. *Ends May 17.* Also Terry Winters: mid-career survey of the abstract painter. Ends May 10. Closed Mon

**PARIS**

**Grand Palais** Toulouse-Lautrec: 200 works. Ends June 1. Closed Tues, late opening Wed. Tickets can be booked by phone on 4804 3886 and by fax on 4274 3069 (ave du General Eisenhower, metro Champs-Elysées, Clemenceau). This major international exhibition is complemented by Les Lautrec de Lautrec at the Bibliotheque *Nationale (1 rue Vivienne, 2e) and* a series of small exhibitions echoing Lautrec's world at the Musée d'Orsay (closed Mon). Ends May 31
**Musée des Antiquités nationales** The Stuart Court at Saint Germain en Laye at the time of Louis XIV: paintings dating from the French exile of James II and the Old Pretender. Ends April 27. Closed Tues (*more information on* 3451 5365)
**Fondation Mona Bismarck** Masters of the Goodwood Collection: mainly 18th paintings and objets d'art, including works by Van Dyck, Reynolds, Stubbs and Canaletto. Ends March 22. Closed *Sun (34 ave de New York)*
**Galerie Odermatt-Cazeau** Germaine Richier (1902-1959): retrospective of the French sculptress who, with tormented figures and gnawed-at surfaces, seems to express tragic forebodings. Ends April 25. Closed Sun (85 bis, rue Faubourg-St-Honore)
**Centre Pompidou** Louis Kahn (1901-74): retrospective of the American architect. Ends May 4. Closed Tues

**ROME**

**Palazzo degli Esposizioni** Invisibilia: objects taken from the bowels of Roman museums and historic villas, normally hidden from public view. Ends April 12
**St Peter's** (Braccio di Carlo Magno) The Work of Man: from Goya to Kandinsky. 100 paintings describing the impact of the industrial revolution on society and the new kinds of poverty it produced. Ends April 26
**Palazzo Ente-Eur** Inca Peru: 350 objects from museums in Peru, *US and Europe from 1500 BC to* Spanish conquest. Ends April 12

**TUBINGEN**

**Kunsthalle** The Russian Avant-Garde and the Stage 1890-1930: 350 works from the Lobanov-Rostovsky collection, including costumes, posters, programme covers, stage designs and portraits. More than 80 artists are represented, covering all styles of the period, from Bakst to Chagall, Rodchenko and Eisenstein. Ends May 3. Closed Mon

**WASHINGTON**

**National Gallery of Art** Guercino: an exhibition marking the 400th anniversary of the birth of one *of the most gifted Italian baroque* painters, including 60 drawings from the Windsor Castle collection. Ends May 17. Also John Singer Sargent's El Jaleo. Ends July 5. Also Gerard David's St Anne Altarpiece. Ends May 10. Daily
**National Portrait Gallery** The Levy Franks Family Colonial Portraits: *seven portraits dating from* 1725-1735, among the few surviving paintings of this type from the colonial era. Ends May 31. Ends July 12. Daily
**National Museum of American Art** Contemporary American landscape photography. Ends June 28. Daily
**Textile Museum** *Amish Quilts.* Also folk embroideries from India and Pakistan. Ends July 27. Daily
**Hirshhorn Museum** Martin Puryear: 35 works by the American sculptor. Ends May 10. Daily
**National Air and Space Museum** Star Trek Retrospective: props, costumes, other Trekkie *memorabilia. Ends Sep 7. Daily*

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# Policy choices for the US

IN PAST US presidential elections, foreign observers have often been frustrated by the lack of attention paid to foreign policy. Decisions made by a US president can sometimes have more effect on the fate of people in other parts of the world than decisions made by their own national leaders; yet those parts of the world may not be mentioned by presidential candidates, and the vast majority of the electors may cast their votes without having even heard of them.

This year's election is different. Not that the details of foreign policy are receiving any more attention than before. But, thanks especially to Mr Patrick Buchanan, the US's world leadership role itself has become an election issue. Mr Buchanan has tapped into a strong current of popular feeling which holds that, having won the Cold War, the US can now afford to leave the world to its own devices, and needs to do so in order to concentrate on solving its economic and social problems at home.

Those who would follow Mr Buchanan's isolationism all the way are still probably quite a small minority. There is no mass movement, for example, calling for the immediate withdrawal of all US forces from Europe. Nor, in spite of all the "Japan-bashing", does there appear to be strong support for protectionism: it is the less protectionist among the Democratic candidates who have done best in the primaries so far. There is not even much criticism of President Bush's foreign policy as such. His opponents are, by and large, quite happy to concede that foreign policy is what the president is good at.

## Domestic problems

But what many Americans do feel is that foreign policy takes up much too large a share of his time and effort, while problems at home are crying out for more attention. Before Mr Buchanan on the right, the message was powerfully rammed home by Mr Harris Wofford, the surprise victor of last November's Senate by-election in Pennsylvania, on the left: "It's time to take care of our own."

That message has certainly reached Mr Bush, via the primary results. He has not yet translated it into convincing remedial action on the home front – which is hardly surprising, for in reality there is no automatic correspondence between presidential time spent on a problem and progress towards its solution. Nor is it quite fair to say, as one Democratic congressman has, that "for the next three months, Patrick Buchanan is going to be president of the United States". Foreign policy has not come to a sudden halt. On several international issues – the Uruguay Round, the Arab-Israel peace process, Iraq's continued defiance of UN resolutions, re-employment of Soviet nuclear scientists – the administration continues to be very active.

## Pulling teeth

What is true is that Mr Bush has less and less freedom of manoeuvre when it comes to spending money on his foreign policy objectives. To withhold loan guarantees from Israel is proving surprisingly easy. But to get money out of Congress for IMF recapitalisation, or to pay for UN peacekeeping efforts in Cambodia and Yugoslavia, is like pulling teeth. Above all Mr Bush has, in former president Richard Nixon's words, done "pathetically" little to help "Russia's first democratic, free-market-oriented, non-expansionist government". Stung by the criticism, he pleads that "there isn't a lot of money around", and in one sense this is clearly true, with the budget deficit expected to reach $400bn next year – especially for a president who now says his biggest mistake was to abandon his "no new taxes" pledge in 1990.

If asked to choose between saving Russia and improving America's schools or urban infrastructure, there can be little doubt what the voters will say. But that need not be the choice. Mr Bush is still committed to maintaining 1.6m men under arms over the next five years, at a cost of about $1,200bn. It would surely make sense to spend a few billion of those dollars now, on foreign policy objectives which, if achieved, would make the US more secure even with much smaller armed forces.

# Case for new budget procedure

BY PROPOSING a Budget covering both expenditure and revenue, the chancellor is, as he claimed, replacing a system that is "not only illogical", but "also had a number of highly undesirable consequences". He promptly proved himself to be absolutely right. If this had been one of the proposed December budgets, with the "more informed and focused debate" mentioned in the accompanying White Paper, Mr Lamont might have been warned off his new lower rate band of 20p. This year, as it happens, the election stands in the way instead.

The peculiar British practice of presenting two half-budgets a year – one, covering spending, in the autumn, the second, covering revenue, in the spring – is a relatively recent innovation. It was the result of a change that was itself desirable: the publication of plans for public spending well before Budget day.

What the chancellor proposes is to bring the two together once more, this time in December. This would provide all the advantages laid out in the White Paper: better decision-making; improved presentation; more informed debate; and better planning for taxpayers.

The main point is that tax proposals would come three months earlier. This would have three main effects.

- Changes could be made in the course of parliamentary debate without, as now, requiring changes in fiscal policy after the beginning of the financial year.
- Lobbies would have a longer period to mobilise against proposed changes, but this potential disadvantage should be offset by the benefits of more open government.
- Policy would be made in greater ignorance of the fiscal out-turn for the current year.

## Real advantage

The last of these, far from a disadvantage, could be a real advantage. By making macro-economic fine-tuning still less credible, the focus would fall on the proposed fiscal structure, precisely where it should fall.

If one wanted an argument for a longer period of reflection, one need look no further than the proposed lower rate band of 20p. If the government wishes to offer the flattery of imitation, it should restrict itself to Labour's good ideas, not its bad ones.

For most taxpayers the value of the lower rate of tax will be £100 (5 per cent of £2,000), but for those who fall within the first £2,000 of taxable income it is less. For the same cost, the chancellor could have increased the personal allowance by enough to give £92.50 to all basic rate tax payers, including those who fall within the first £2,000 of taxable income.

## Taxpayers' headache

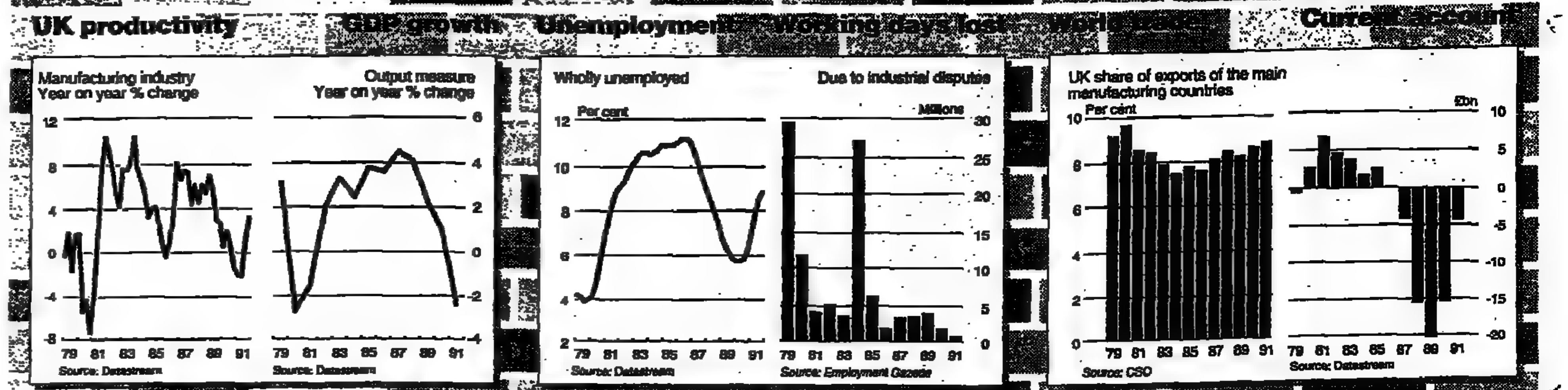
The 4m people who fall within the new band will also now have to reclaim the difference between the new lower rate of tax and the basic rate on their investment income. The main result, apart from headaches for taxpayers, will be 800 additional jobs in the Inland Revenue.

What then of incentives? Roughly half of those on the new marginal rate are pensioners, for whom incentive effects are largely irrelevant. Those on family credit will face a marginal tax rate only 1½ percentage points lower, because their benefits are calculated on a net of tax basis. Even for those not on benefits, a change of 5p in the pound in the marginal rate of tax will not represent a noteworthy change in incentives.

The chancellor also presented the new lower rate as a step on the path towards a 20p basic rate. But the basic rate of tax is not a significant distortion. Moreover, given the deteriorating fiscal position, tax increases, not cuts, may soon be required.

Finally, the greater simplicity and transparency that have resulted from reduction in the number of tax bands are major benefits of the reforms under previous chancellors. To throw this away for political advantage must be foolish.

On the lower tax rate, Mr Lamont may prove to have been too clever by half. But the new budgetary timetable should endure. If so, Mr Lamont's procedural reform will still be remembered long after the main feature of his budget is deservedly forgotten.



Peter Norman on the economic consequences of the past 13 years of Conservative rule

# Legacy of the curate's egg

Mr John Major would hate the comparison. But the last sitting prime minister to fight an election against such a troubled economic background was Mr James Callaghan in 1979, and he lost.

There are differences, of course. Mr Callaghan failed because he could not control the labour unrest unleashed by an inflationary boom. Mr Major will be campaigning with the economy still mired in recession, unemployment rising, a deteriorating current account deficit, growing government borrowings and the worst recent growth record of the group of seven leading industrial countries.

Economic growth over nearly 13 years of Conservative rule has averaged a meagre 1.7 per cent a year. Unemployment, currently around 2.6m, is 2.4 times higher than in May 1979, when 1.09m were out of work. Unemployment affects 9.2 per cent of the workforce against 4.1 per cent in May 1979.

Economists would say that such statistics do not compare like with like. May 1979 marked the peak of the economic cycle that began with the mid-1970s recession, while at present Britain may be in the trough of the Conservative's second recession. But the figures are a measure of the problem that Mr Major must overcome.

On the other hand, Mr Norman Lamont, the chancellor, claimed in his Budget speech this week that the economy had been transformed. Retail price inflation, at 4.1 per cent in January, is down to German levels and producer prices are rising more slowly than for a generation. New businesses continue to be created. Japanese companies such as Nissan, Toyota and Honda invest in the UK rather than other European Community countries. Labour relations present a picture of unprecedented calm.

So which view is right? Did the UK experience an economic miracle during the 1980s or was it all an illusion? Has the present Conservative recession negated the apparent progress of Mrs Margaret Thatcher's first two terms as prime minister? Will whoever wins on April 9 preside over the sick man of Europe? Or are Britain's current economic problems a hangover that will pass?

An appraisal of the Conservatives' years of power suggests that the Tories' economic legacy will be a curate's egg: good in parts only.

Starting with the abrupt abolition of exchange controls in October 1979, the Conservatives exposed a protected nation and its institutions to the rigours of competition and deregulation.

The economic history of the past 13 years can be summed up as an often difficult adaptation to this changed environment. The new regime has claimed victims among individuals, companies and policymakers. People have lost their homes through repossessions that originated with imprudent borrowing. A string of former high-flying companies which grew by acquisition and debt have overextended themselves, and in some cases collapsed. A former chancellor is among the losers. With hindsight, one of the main causes of Mr Nigel Lawson's problems in his later years at the Treasury was his failure to appreciate the effects of financial liberalisation on credit growth and inflation.

Sir Geoffrey Howe, Mrs Thatcher's first chancellor, once said that the abolition of exchange controls was the only decision of his political life to have given him a sleepless night. It remains one of the most underrated economic reforms of the postwar period. Ending controls did more than open up hitherto-protected areas of the UK economy to international competition. It provided an impetus for domestic deregulation, including the government's privatisation programmes and its assault on trade union power.

The most enduring legacy of the 1980s has been in terms of labour relations and productivity. The curbing of trade union power, culminating in the defeat of the miners' strike in March 1985, has greatly increased the ability of managements to manage.

As the illustration shows, only 800,000 working days were lost to industrial disputes in the UK last year. This was the lowest yearly total since records began 100 years ago, and lower even than in 1940, when the nation was threatened in a world war.

Output per worker grew strongly in manufacturing as Britain emerged from the recession of the early 1980s. It maintained a high rate of growth later in the decade after a "growth pause" in 1985. Whereas Britain had the lowest growth in manufacturing output per head of the G7 economies in the 1970s, it was at the top of the G7 productivity league in the 1980s. Recent research from the National Institute of Economic and Social Research suggests that the UK's productivity gap against Germany narrowed sharply between 1980 and 1987.

But this only tells part of the story. Productivity fell in the first half of last year and it is unclear whether its recovery in recent months marks a return to the strong growth of before. Moreover, productivity growth elsewhere in the economy has been less impressive than in manufacturing.

More serious, and perhaps symptomatic of a deeper problem, the productivity gains of the past few years were reflected in job cuts rather than in significant expansion of the UK's manufacturing base. UK manufacturing employment fell by 2.4m to 4.7m between 1979 and the end of 1991.

A similar picture of better performance on a narrow base emerges from the UK's international trading record. The UK has increased its share of exports among the main manufacturing nations from about 7.5 per cent in the mid-1980s to roughly 8.6 per cent last year. Yet the insufficient size of Britain's tradeable goods sector is highlighted by the persistence of a £4.5bn current account deficit last year in conditions of depressed domestic demand and Treasury projections that the current account deficit will expand again to £6.5bn this year, as the economy recovers.

Despite strong investment growth for much of the past decade, the British economy is therefore unable to meet in full the demands put upon it. Skills shortages are a particular problem, according to Professor Charles Bean who teaches economics at the London School of Economics. The government's "biggest error was to underestimate the importance of training and skills and to overestimate the ability of the economy to meet demand", he says.

Undoubtedly other policy mistakes have contributed to the difficult economic background on which the government is fighting the election. The decision in 1986 to allow sterling to fall in value with the oil price meant that Britain, unlike its competitors in the European community, did not lock into a low-inflation regime in the late 1980s. Then followed the Treasury's failure to realise the inflationary dangers of the late-1980s house price boom, the expansionary monetary and fiscal policies associated with Mr Lawson's experiment of shadowing the D-Mark and his tax-cutting 1988 Budget, and the growing estrangement between Mr Lawson and Mrs Thatcher over Europe that upset policymaking. Individually, these problems might have been manageable. Together they helped pave the way for the longest recession since the 1930s and acceptance of a new form of economic discipline in Europe's exchange rate mechanism.

But whoever wins the election, the last 13 years of Conservative government have resulted in profound changes in the economy and the way it is managed. All leading parties acknowledge the power of market forces. Although tax policy will be at the centre of the campaign, there is no question of Labour returning to the top tax rates of 98 per cent on unearned income levied in 1979.

According to Mr David Kern, National Westminster Bank's chief economist: "The biggest success of 10 years of Thatcherism is a modern Labour party." For Mr Major, that must be the most worrying economic legacy of three Tory governments.

# The devil you know . . .

Philip Stephens on the main economic campaign themes

If the prime minister loses the general election it will be because the electorate blames his government for the recession. If he wins it will be because the voters trust his management of the economy, rather than Mr Neil Kinnock's.

The contradiction between those two statements is more apparent than real. As the campaign for April 9 unfolds, both the Conservative and Labour parties recognise that the economy will be the pivot on which the outcome will hinge.

Of course it will be more complicated than that. The Conservatives will make much during the campaign of Mr John Major's personal popularity and his achievements in 16 months in Downing Street. Labour will draw support for its reputation as the more trusted guardian of the welfare state.

But campaign strategists of all persuasions believe that the issue which will loom largest for the uncommitted voters upon whom the result depends will be the economy.

This is first postwar election being fought in the middle of recession. Unemployment was still high and rising in 1983 and 1987 but consumer spending and output were moving in the opposite direction.

More important, voters who were ready to accept that the recession in 1980-81 was a price the country had to pay for the profligacy of the 1970s, may be far less willing to excuse the government a decade on.

If any single factor has sustained Labour support in the opinion polls over the past year it has been the length and depth of the downturn. The latest Gallup poll for the Daily Telegraph, for example, indicates that less than 30 per cent of the electorate is satisfied with the government's record.

Mr Kinnock will take maximum advantage of the discontent. Each and every step of his party's campaign will include a reminder of the business failures, the increase in unemployment and the jump in housing repossessions since Mr Major replaced Mrs Margaret Thatcher in November 1990.

Mr Major has had some success in deflecting the blame. Gallup shows that more than two-thirds of voters are ready to place much responsibility for the recession on Mrs Thatcher. A similar number have also been swayed by the emphasis on the impact of worldwide recession.

The Conservative campaign does not rest there. One strand will be the constant reminder that Labour would put up taxes; another will be the, albeit unstated, message that whatever mistakes the government has made, a Labour administration would compound them.

They will be drawn together to make the central claim that Labour's conversion to market economics is unconvincing: that its high tax, high spending, pro-trade union policies would stifle enterprise and push up inflation. Mr Major has the opinion polls on his side: Mori's latest survey for The Sunday Times shows, for example, that 39 per cent of the voters prefer Conservative management of the economy to the 28 per cent convinced by Labour's alternative.

If he is to win the election, Mr Kinnock must narrow that gap or ensure that on April 9 the voters' disenchantment with the Conservative record outweighs their mistrust of his prospectus.

## Inside knowledge

■ The home secretary's decision to make the prison service in England and Wales an executive agency creates a really exciting management opportunity.

An open competition is to be held to find a chief executive to shake up the service which Sir Raymond Lygo, former chief executive of British Aerospace, described in a recent report as dogged by "ineffective management".

Although Joe Pilling, the present director of the prison service, has only been in the driving seat since August, and will presumably be a strong candidate, a top businessmen with appropriate experience of detention at Her Majesty's pleasure might be a much better bet.

Attracting a good candidate should be easier now that the home secretary has rejected one of Lygo's screwier recommendations. Ex-Admiral Lygo wanted the wearing of uniform to be extended throughout the prison service in the interests of discipline.

But Kenneth Baker, despite being a former gunnery instructor to the Libyan army, has been reading Lord Justice Woolf's report on the 1990 prison disturbances and is keen to "demilitarise" the service.

## Panoramic view

■ Glenwyn Benson, just named as the first woman editor of Panorama, the BBC's battered flagship of current affairs, got the job for a somewhat surprising reason, Observer hears.

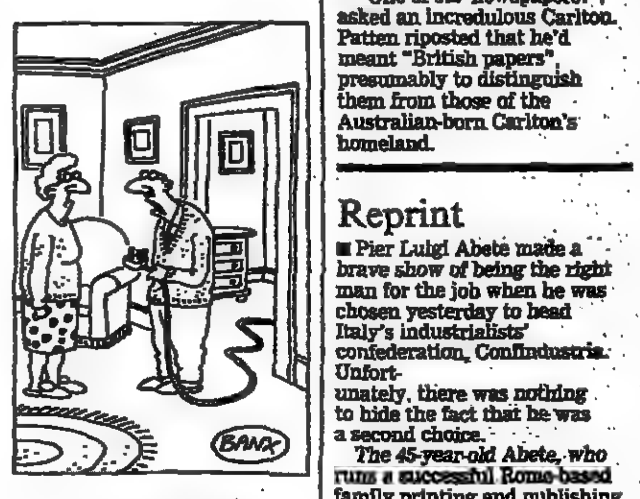
Like many rising BBC current affairs stars, Benson did a spell at London Weekend Television, and is therefore indelibly tagged a "boring Birtist" by those who resist the views of John Birt, BBC director general designate, and himself a founding father of the analytical LWT South Bank school of TV journalism.

This was her second shot at Panorama, and many thought BBC1 Controller Jonathan Powell, a member of the selection panel on both occasions, would veto her because of that pre-BBC background.

But Benson, 44 and currently editor of BBC's On the Record political programme, amazed the panel by saying that one gap in Panorama's recent repertoire was its failure to cover the date rape issue, at the time of the Mike Tyson trial.

When at LWT, Benson's speciality was vivid scenes from the life of the underclass. Observer doubts, however, that she would have taken this week's cancellation of Peter Jay's film on the Tory economic mess-up without a fierce show of resistance.

# OBSERVER



"Where shall I plug in the swing-o-meter?"

## Type cast

■ Hanson doth protest too much, methinks. Last month Lords Hanson and White were banging their corporate drum at a lavish presentation to institutional investors in London. This week, they hosted a similar image-building exercise in New York (at the Pierre Hotel, where else?).

It must have been important since Britain's eighth biggest company felt moved to issue a self-serving statement on the London Stock Exchange's Topic news service.

Hanson's post-seminar survey found that 68 per cent of the 125 analysts attending rated its management as "superior". Not content with finding a couple of analysts from Salomon Brothers and Goldman Sachs prepared to say a few nice words about the company, Hanson also repeats the congratulatory words of the chairman of the American Stock Exchange who gave the keynote address at the presentation.

But isn't Hanson's main share listing on the rival New York Stock Exchange? Hanson vice-chairman Martin Taylor admits this is true but notes that at least the warrants issued at the time of its Beazer bid are quoted on Amex.

It will need more than this sort of pr-hype to remove Wall Street's memories of Hanson's flotation of its Smith Corona typewriter subsidiary. Two and a half years after the float Smith Corona's shares are still languishing nearly 60 per cent below the flotation price.

## Proprietorial

■ What was intended as an election brickbat turned into a bit of a boomerang for the Tories' Chris Patten.

In a radio interview with LBC's Mike Carlton, the Conservative party chairman accused Labour of distorting facts about the National Health Service in a press ad which, Patten said, "has been taken to pieces in one of our newspapers this morning . . . I think it's in the Daily Mail."

"One of our newspapers?", asked an incredulous Carlton. Patten riposted that he'd meant "British papers", presumably to distinguish them from those of the Australian-born Carlton's homeland.

## Reprint

■ Pier Luigi Abete made a brave show of being the right man for the job when he was chosen yesterday to head Italy's industrialists' confederation, Confindustria. Unfortunately, there was nothing to hide the fact that he was a second choice.

The 45-year-old Abete, who runs a successful Rome-based family printing and publishing business, only became the front-runner two weeks ago when Fiat boss Gianni Agnelli decided he could not afford to release Cesari Romiti, the Turin-auto group's chief executive and the industrialists' preferred choice. Although Abete has long been involved in Confindustria and has been a vice-president since 1988, he lacks the stature of a Romiti.

Agnelli, one of the three wise men responsible for weeding out the candidates, last week extolled Abete's talents but added: "He is not a Mike Tyson, nor is he a Schwarzenegger, nor, indeed, a Schwarzkopf."

## Rough

■ A golfer, teeing off, is boasting to his partner about his marvellous Japanese-made golf ball. "Hit it into the water, and it floats. It glows in the dark so you can see it, and it emits an audible whine so that it's easy to detect in the long rough."

"Where did you get it?", asks his partner, visibly impressed.

"I found it."

# A free trade disagreement

**Bernard Simon** examines the deterioration in economic relations between Canada and the US

Canadians are famous for preferring compromise to conflict, but now they are gearing up for a confrontation. There is no mistaking their anger that their country, the US's biggest trading partner and traditionally among its closest allies, has become one of the prime targets of the rising protectionist tide in Washington.

The tensions between the US and Canada may lack some of the spice of Washington's spats with Japan. No Canadian politician or businessman has, for example, excoriated American workers for laziness. Nonetheless, the lengthening list of trade disputes between the world's two biggest trading partners – with two-way trade of more than C$200bn (£97bn) a year – has important ramifications.

The US's actions, most recently directed against cars and softwood lumber, Canada's two biggest southbound exports, have raised questions in Ottawa about Washington's commitment to the spirit, if not the letter, of the 1989 US-Canada free trade agreement (FTA). It also carries several lessons for the current talks to expand the FTA into a North American Free Trade Area, including Mexico.

**The domestic economy was not ready for the shock therapy of free trade**

The friction has particularly worrying implications for Canada's efforts to woo foreign investors with the promise of an open border to the huge market to the south. From Ottawa's point of view, new duties and non-tariff barriers put up by the US send a signal that, despite the free trade agreement, investors might be better off locating factories in America, rather than in Canada.

While the federal government in Ottawa remains strongly committed to the 1989 pact, Prime Minister Brian Mulroney said in an interview with the Financial Times last week that "somebody is taking a tremendous instrument, vitiating its effectiveness, and diminishing its attractiveness for others. I find it penny wise and pound foolish what the Americans are up to."

The Bush administration's recent actions against Canadian exports could further damage the popularity of the Mulroney government. Mr Mulroney, who receives less than 20 per cent of support in opinion polls and who faces a general election within the next 18 months, has made trade liberalisation with the US one of the cornerstones of his eight years in office.

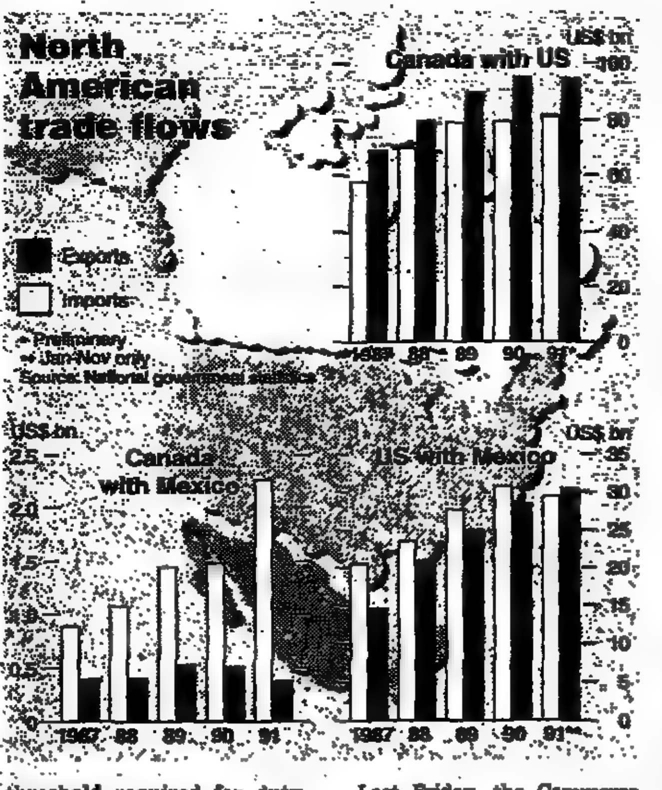
When Canada negotiated the FTA with the US, Mr Mulroney sold the deal to a sceptical electorate as a sort of insurance policy which would give Canadian companies more secure access to their biggest export market. Besides eliminating all customs tariffs by 1998, the FTA provides for a continent-wide market for Canada's oil and gas exports, and a fair and speedy mechanism to resolve trade disputes.

The problem for Canada, however, is that the domestic economy was not ready for the shock therapy of free trade. After years of being cosseted by inter-provincial trade barriers and free-spending governments, Canadian businesses and workers have found themselves ill-equipped to go head to head with bigger, lower-cost and more productive US competitors.

As a result, the FTA has taken much of the blame for Canada's recession. Falling customs duties have put especially heavy pressure on its food, textile and furniture manufacturers. Many companies which used to have factories on both sides of the border are integrating production in the US. Several Canadian manufacturers, especially of automotive parts, have moved their plants to southern US states.

The recent rulings against cars and lumber have reinforced the impression among many Canadians that, far from being favoured trading partners, they are victims of the free trade agreement. Mr Gordon Ritchie, who was Canada's deputy chief negotiator in the FTA talks, observes that "by any objective measure, you can demonstrate that the Americans have bashed their Canadian cousins harder than their former Japanese enemies".

Earlier this month, the US customs service ruled that Honda cars assembled in Ontario fail to meet the 50 per cent North American-content threshold required for duty-free access to the US under the FTA.



The definition of local content is a fuzzy and complex one and is subject to varying interpretations. Honda and the Canadians are angry that the customs service decided, for instance, that engine blocks assembled in Ohio and shipped north to be installed in Honda cars do not qualify for local content status. At the same time, US trade negotiators are trying to convince the European Community that Hondas made in Ohio are North American and not Japanese cars.

The dispute over lumber, involving trade of more than C$3bn a year, has compounded the Canadians' anger. An interim duty imposed on Canadian softwood lumber last October marked the first time the Commerce Department had initiated a subsidy ruling under section 301 of the US Trade Law without calling for evidence of injury to domestic producers.

Last Friday, the Commerce Department replaced the interim duty with a 14.5 per cent tariff on Canadian lumber after ruling that sawmills north of the border are subsidised by low tree-cutting fees in provincial forests and by curbs on log exports.

These high-profile cases are by no means the only Canadian complaints. Mr Ritchie says some Canadian exporters have found that US duties on their products have gone up, rather than down, since implementation of the FTA, thanks to reclassification of items under different tariff headings.

He adds that the tighter inspection of Canadian meat shipments at border crossings begun last year "is clearly contrary to the understanding of the FTA".

Despite these concerns the Canadians have no intention of backing away from the FTA. The pact has brought one principal advantage: an innovative mechanism to settle disputes.

Since the FTA came into force, about two dozen complaints, covering products as varied as raspberries and steel rails, have been referred to arbitration panels comprising relatively independent trade experts from both sides of the border.

Most cases have involved Canadian complaints against US agencies, and Canada has won some significant victories. A long dispute over pork ended last year with a panel overturning a decision by the US International Trade Commission that the American pork industry was threatened by imports from Canada. The panel found that the commission had committed errors of law and that its finding of "imminent material injury" was not supported by the evidence.

Both the Honda and the softwood lumber disputes are likely to end up in the laps of dispute settlement panels.

The recent bout of trade friction also holds lessons for the negotiations now under way with Mexico to create an expanded, North American free trade area (Nafta). The Honda row, for instance, has persuaded both the Canadians and Mexicans of the need for clearer rules of origin than exist in the FTA.

Dr Sylvia Ostry, Canada's former ambassador for multilateral trade negotiations, says the Nafta will require a detailed dispute settlement process to cover not only trade disagreements, but also other issues that have become crucial concerns in the negotiations.

Two obvious examples are Mexico's environmental standards and labour laws, which could easily become targets the next time the protectionism bandwagon starts rolling in the US. Trade unions and environmental groups in the US and Canada fear that free trade will encourage many industries to move to Mexico, where wages are lower and pollution standards less strict.

With the US election campaign gathering steam, it is unlikely that either President Bush or the US Congress will push hard for a free trade pact in the months ahead. Mr Mulroney is confident that any protectionist tide will ebb once the US election campaign is out of the way.

"As the political season winds down, I think you are going to see a lot of this stuff wind down with it," he says. Despite the friction with the US, the prime minister says he is still committed to free trade. "It wouldn't bother me in the least to sign a free trade agreement with Mexico two weeks before an election," he adds.

## *PERSONAL VIEW*

# Time to unmask a pensions charade

**By Philip Chappell**

One good could yet emerge from the Maxwell pension saga; we could re-examine the whole basis of British pension funds and the choice between final salary and personal pension schemes. The subject is an issue of public concern; the ill-defined ownership of pension funds is just one aspect of a wider problem. At least the plundering would have been more difficult if the assets had been directly owned by individual members.

Britain is unique in its dedicated belief that a funded final salary occupational pension is the ideal form of retirement saving: money-purchase personal pensions, on a defined contribution basis, are seen as the second-rate alternative. Too few people challenge the mathematics of the choice.

Final salary schemes are certainly advantageous to long-serving employees with 40 years' service, and especially to those who are able to ratchet upwards their salary shortly before retirement. It is even better for those who require as little as 20 years' back-service to earn full two-thirds pension entitlement. Such pensions are inevitably expensive to the scheme and have to be paid for by other members: the apparently innocuous £50,000 bonus for the chairman just before retirement may cost pension fund members nearly £500,000.

The huge majority of the workforce does not serve 40 years with the same employer and is therefore disadvantaged by final salary schemes. Despite the efforts to drag fair treatment for transfer values out of a reluctant pensions industry, there is still an inherent bias against job changers.

The evidence lies in the fact that 6m pensioners today enjoy total occupational pensions of £18bn, an average of just £3,000. That includes spouses, short-service and adjustments for commutation and inadequate escalation. But if pensions were providing the two-thirds of average earnings which is the desirable objective, the average should be nearer £10,000.

It is time to study the mathematics behind the financial probabilities of money-purchase provision.

Looking at the numbers in real terms, and assuming average earnings growth of 2 per cent and a (generous) multiplier of 12 times for an annuity purchase, to fund a two-thirds salary after 40 years an individual saver needs to set aside about 13 per cent of annual earnings at an average investment return of 4 per cent (currently available on index-linked funds). The same outcome would be reached with 10 per cent on a 5 per cent return (achieved over the last 40 years from a broad portfolio) or just 8 per cent on a 6 per cent return. These numbers are well below the contribution rates of most final salary schemes; so what is happening to the balance where combined contribution rates of 15 per cent or more are paid into such schemes?

The point is even more valid by using the actual numbers over the past decade. Over this period, national average earnings grew at about 10 per cent and the average return on all pension funds at 16 per cent. Such is the power of compound interest at higher rates that, if invested at 16 per cent, the personal saver would need to save just 5 per cent of annual earnings to retire on two-thirds of salary.

This arithmetic demonstrates that the concept of employers' contributions to meet the needs of the average earner is a charade: what is being used is a variety of devices to fund early retirements and other cross-subsidies. The final salary funding basis is demonstrated to be mathematically unsound and inherently inequitable.

Of course, it is not that simple – and existing funds provide additional benefits such as life cover; but these are benefits that can be cheaply purchased separately.

The 1986 Social Security Act gave all employees the right to opt out of an employer's occupational scheme; but it was fundamentally flawed in pandering to the final salary brigade. It did not require an employer to provide a genuine choice by compensating an opting out employee for the fact that the employer was not contributing to the scheme. The argument is even more devious since senior managers have an interest in ensuring that contribution costs for their part of the deal should not be inflated by providing such choice.

The solution is simple: the 1986 act must be amended to ensure that any employer offering final salary schemes must also offer a matching contribution to employees who decide not to join the scheme.

On these assumptions, personal pensions are not a second-rate alternative, but a positive financial advantage to the large majority of the workforce. Personal pensions are flexible, simple and comprehensible – the tax rules impose no limit on pay-outs, and many pensioners could expect an entitlement in excess of two-thirds final salary.

Money-purchase schemes reduce the concentration of power which is inherent in the cross-subsidisation of final salary schemes; they also identify employees far more closely with their contributions. The disadvantages of their cost structures could be hugely simplified by employers running such schemes on behalf of their workforce. Critics of the alleged uncertainty of money-purchase schemes can be reassured, since these schemes provide flexible retirement dates and can offer investment in more secure assets as retirement approaches. Powers to choose and rights to own more than £300bn of assets would be restored to 11m citizens.

Oh, there is one other advantage. Actuaries become less significant; watch for their crocodile tears.

*The author is director of the Association of Investment Trust Companies. He is writing in a personal capacity.*

**Joe Rogaly's column returns next week.**

## *LETTERS*

### Bank of Italy asserts independence

*From Mr Carlo A Ciampi.*

Sir, In the league table of central bank independence accompanying David Marsh's article ('The road to Emu develops some potholes', Economics Notebook, March 9), the Bank of Italy is ranked last among those of nine leading industrial countries.

A meaningful appraisal of central bank independence requires a thorough evaluation of the institutional setting and of the bank's *modus operandi* as developed over time and consolidated in practice.

It would be interesting to know the criteria on which the Financial Times ranking was compiled.

As far as the Bank of Italy is concerned, its position in the table does not appear to reflect the autonomy that it has attained, both *de jure* and *de facto*.

Allow me to single out the following points:

- The long standing *de facto* independence of the Bank of Italy in influencing market interest rates has been recently ratified by a law which has granted the bank statutory authority to set the official rates on discounts and advances; it enjoys complete autonomy for the interventions in both domestic and foreign exchange markets;
- There has been no net financing of the Treasury in the last few years, in spite of the huge deficit and increasing debt of the public sector (see the letter to the Financial Times from the Italian minister of the Treasury, Mr Guido Carli, March 6); moreover, there is a bill before parliament providing for the elimination of direct access to central bank financing by the Treasury and public authorities.
- The members of the directorate of the banks are appointed for an indefinite term.

Carlo A Ciampi,
*governor,*
*Bank of Italy,*
*Rome*

### UK potato board contests reckoning of chips

*From Mr John A Markham.*

Sir, Readers of David Blackwell's article ('Chips down for UK potato board', February 27) on the industry should be made aware that, since 1989, imports of processed potato products have levelled off in spite of three consecutive dry, low yielding seasons.

Fully 70 per cent of British imports of processed products come from the Netherlands. We imported 150,500 tonnes of Dutch products in 1991. France imported 100,800 tonnes and Germany 224,100 tonnes from the Netherlands that year. As neither Germany nor France have area controls, this suggests British import levels are not determined by the Potato Marketing Scheme, but relate to competitive advantages and policies of the Dutch.

The prices of potatoes in the UK do not seem to have the adverse effect on profitability that you suggest. The Grocer (November 11) compares returns on capital for food companies in the UK. Nearly all those with substantial potato interests perform above the food industry average; better than most other industrial sectors.

John A Markham,
*head of research*
*and information,*
*Potato Marketing Board,*
*Broad Field House,*
*4 Between Towns Road,*
*Cowley,*
*Oxford, OX4 3NA*

### 'Catch-all' concept of fraud is recipe for long trials

*From Mr David Sellar.*

Sir, In his article 'Catch-all crime to be avoided' (Justinian, March 9), Mr Blom-Cooper QC made a very valuable contribution to the debate on the difficulties of prosecuting allegations of complicated financial fraud. In particular, he warned of the dangers of the introduction into English Law of a general and therefore imprecise offence of fraud. Might I make certain comments on his article, as I have practical experience of Company Law in Scotland and the City and some experience of Scottish Criminal Law.

The fact that there is a general concept of fraud in Scots criminal law has not avoided some very long trials and, if a trial involving sophisticated financial practices occurred in a Scottish Court, that court would face the same difficulties which the English courts have faced. A further point is that Section 47(2) of the Financial Services 1986 Act, which applies to both Scotland and England, already creates a general offence of fraud in relation to "investments".

That provision is potentially wider than the English common law concept of conspiracy to defraud, which was the basis of the Blue Arrow prosecution. The provision is particularly unfortunate as it provides an offence of strict liability (punishable by a maximum of seven years' imprisonment) where a person engages "in any course of conduct which creates a false or misleading impression as to the market in, or price or value of, any investments".

Section 47(3) provides that it is for the accused to establish not merely that he was honest, which would be a defence to a common law charge under either Scots or English Law, but also that he reasonably believed that his conduct would not create an impression which was false or misleading. The use of a concept as vague as that of "value" to create potentially strict criminal liability seems in principle quite inappropriate and causes considerable difficulties to practitioners of Company Law in advising clients as to what conduct is outside Section 47(2).

It is therefore to be hoped that the appropriate criminal authorities in both jurisdictions, and in particular the Serious Fraud Office in England, would in applying Section 47(2) show the discretion to which the Court of Appeal in Jersey referred in the case discussed by Mr Blom-Cooper.

David Sellar,
*Dorman Jeffrey & Co,*
*Madeleine Smith House,*
*6/7 Blythswood Square,*
*Glasgow G2 4AD*

**Fax service**

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

### Redressing the refugee and revenue balance

*From Dr B E Harrell-Bond.*

Sir, Edward Mortimer's review ('Refugees and wasted revenues', March 11) strongly misrepresented the thrust of the paper presented to the UK-Japan 2000 Group.

Its message was to donor governments: by earmarking funds for relief, western governments since the Second World War have been addressing the refugee issue in terms of their political interests rather than those of either refugees or their hosts. This is demonstrated by the amounts western governments spend to keep a minority of asylum seekers out of their countries, while reducing in real terms their support for the maintenance of the majority of refugees hosted by the poorest countries of the world.

Now that the Cold War is over, it was argued, international politics need no longer be the decisive factor in determining 'solutions' for refugees. It should be possible for donors to reformulate policies so as to use development funds both as a method of avoiding forced migration and of ensuring that refugees are permitted to make a positive contribution to the economies of their hosts. This philosophy has been part of the thinking of humanitarian agencies since 1984, but donors persist in dividing overseas aid, on the one hand for 'development' and on the other for 'relief'. Host governments and humanitarian agencies, both UN agencies such as the office of the High Commissioner for Refugees and non-governmental agencies, are thus the victims of western donors who earmark money for particular relief programmes. Any positive change will require leadership from the major donors. Britain and Japan, having committed their overseas development aid to human rights conditionality, were challenged to provide such leadership. These points were clearly made in my paper. I was criticising donor ('western', in Mortimer's inappropriate phrase) governments.

Dr B E Harrell-Bond,
*Refugee Studies Programme,*
*University of Oxford,*
*International Development Centre,*
*Queen Elizabeth House,*
*21 St Giles*
*Oxford, OX1 3LA*

FINANCIAL TIMES
Friday March 13 1992

Federal leaders determined to halt transfer of power to Brussels

# German states seek veto on EC deals

**By Quentin Peel in Bonn**

THE prime ministers of Germany's 16 federal states yesterday demanded a veto on all future transfer of national powers to multinational institutions as their price for the ratification of the Maastricht treaties.

The moves by the 16 states amount to the most serious potential stumbling block to ratification of the EC treaties yet to emerge in a member state.

The prime ministers themselves, whether supporters or opponents of Chancellor Helmut Kohl's government, made clear after a meeting yesterday that they were determined to prevent any further erosion of their federal powers, either to Bonn or to Brussels.

In a unanimous decision taken before top-level talks with Mr Kohl, the 16 Christian Democrat and Social Democrat premiers insisted that the German constitution should be changed to give them effective powers of veto before they would approve the treaties on European political and economic union.

They also demanded the right to receive and consider a report on the fulfilment of all the economic and political preconditions for European economic and monetary union (Emu), before moving to the creation of a single European currency. The political preconditions would include further strengthening of European political union, and the powers of the European parliament.

The states are proposing an amendment to the German constitution "as compensation for the transfer of competences" to the EC, in particular through the Maastricht treaty, and the related loss of their own powers.

In the article concerning the transfer of any German sovereign powers to multinational institutions, the amendment would make such a transfer subject to the "consent of the Bundesrat", the upper house of the German parliament representing the 16 states.

The amendment would go on to give the states the right to collaboration in the formulation of German policy with regard to such institutions and in so far as their own rights are concerned, to exercise "a substantial influence" on the policy. The premiers' challenge was causing consternation among other EC member states last night.

"This is what happens when the implications of federal logic are pushed to the extreme", according to one EC diplomat.

Mr Hans Eichel, the Social Democrat premier of the state of Hesse, said the premiers had decided not to demand renegotiation of the Maastricht treaty, which they recognised as virtually impossible in EC political terms, but to concentrate instead on changing the German constitution to protect their interests.

However, they are also insisting that the government report back to them by 1996 on two key questions: whether the economic preconditions for Emu have been fulfilled by all member states intending to participate, in order to ensure that there is no dilution of the criteria for controlling inflation and budget deficits; and whether European political union has been further strengthened – beyond the Maastricht agreement – to provide democratic control of the European institutions.

Mr Eichel said the states were not trying to acquire an "opt-out" clause by the back door, comparable to the British clause included in the EC treaties. Britain was seeking a way of staying out, he said. The German states wanted simply to ensure that they came in under the right conditions.

# Japanese weather UK recession

## Inward investors struggle to avoid redundancies, writes Daniel Green

BRITAIN'S recession, the longest since the Second World War, has begun to take its toll on the Japanese-owned manufacturers that opened factories in some of the country's most depressed regions during the 1980s.

Although they have avoided the large-scale redundancies announced in recent weeks by UK manufacturers such as Rolls-Royce and British Aerospace, the Japanese companies have experienced their worst trading conditions since they began investing in Britain.

More than half the Japanese-owned manufacturers in the UK have reduced staffing or the number of hours worked in the past year, according to an FT survey of 40 of the biggest companies.

However, they have made far fewer outright redundancies than British manufacturers and some, notably motor vehicle manufacturers and their suppliers, are still recruiting.

Companies in the engineering, construction equipment and business machines sectors have been hardest hit by the recession. Even here, however, compulsory redundancies are a last resort. Most of those cutting staff numbers or hours worked have followed Japanese industrial relations practice and sought other ways to trim output.

Some have laid off temporary workers. NEC's business equipment-making operation in Telford, central England, has shed about 130 temporary workers. "It will be at least six months before we recruit in any quantity," the company says.

Others have eliminated overtime or frozen recruitment. One photocopier-manufacturer has lost almost 10 per cent of its 700 staff through natural wastage in the past year.

More unusual solutions have included closing on alternate Fridays, as at the Hitachi electronics plant at Aberdare in south Wales, or extending Christmas holidays, as at bearings-maker NSK in Peterlee, north-east England.

Several companies negotiated detailed agreements with trade unions to skew hours worked towards the second half of the year. Matsushita Electric, which makes microwave ovens and television sets in south Wales, has reduced the weekly hours worked by 15 per cent for the first four months of the year and increased them by the same amount to meet seasonal demand in the last four. The company said: "We are affected by the recession. Our sales forecasts haven't been met."

In a few cases, where business is especially tough, there have been compulsory job losses. Komatsu, which makes earthmoving equipment at Birtley, north-east England, cut its permanent staff by 80 last year. In an effort to reduce the number of redundancies, it seconded some staff to the local college of technology.

Compulsory redundancies are a delicate matter for Japanese companies. Brother, a maker of office equipment and microwave ovens in Wrexham, north Wales, made staff redundant last year but refuses to discuss the matter. Others spoke only on condition that neither they nor their products were identified. Most of the companies were small and typically fewer than 10 people lost their jobs.

The news is not all gloomy. Carmaker Nissan is recruiting 1,600 staff in Washington, north-east England. It said: "We're working a lot of overtime to satisfy orders mainly for export." Honda UK is recruiting to make engines for the new Honda Concerto in Swindon, south England.

Booming car production has helped parts suppliers. Ikeda Hoover Trim of Sunderland in north-east England makes vehicle seats for Nissan. It added more than 100 staff last year, taking the total employed above 500.

Yuasa Batteries of Ebbw Vale, south Wales, which makes industrial batteries, says that although its rate of growth has slowed, staffing had risen from 470 to 516 in six months. "There is no recession," it said.

The downturn has also failed to deter Sony, which began manufacturing in the UK in 1974, from increasing investment. It has announced spending plans worth £147m ($259m) to build a second television manufacturing plant and research and development centre in Bridgend, south Wales, employing 1,400 people.

According to Mr Bob Harwood of SP Tyres of Birmingham in the Midlands, and Washington, north-east England, there is no secret formula used by the minority who seem to be prospering in recession.

His company, which is owned by Sumitomo Industries, has maintained staffing levels through the recession. He said: "We concentrate on quality, employee involvement and reducing the numbers of layers of management. There's nothing magical about it."

Waiting it out: Japanese manufacturers have avoided large-scale redundancies

# Election fears push UK markets down again

**By Peter Marsh, Economics Staff**

STERLING and shares came under renewed pressure yesterday, as uncertainties over the Conservative Party's prospects in the British general election continued to cast a shadow over financial markets.

The pound weakened by 1 pfennig against the D-Mark, closing in London at DM2.86, while the FT-SE 100 index of leading UK shares fell 28.8 to 2,493.6, after shedding more than 50 points on Wednesday.

Investors are worried that the subdued outlook for the economy, and the fact that this makes an interest rate cut over the next month unlikely, form a poor backcloth for the government as it fights the election campaign.

The financial markets' second successive day of jitters followed a Budget on Tuesday by Mr Norman Lamont, the chancellor of the exchequer, that many judged as unlikely to help the Tories' chances.

However, government ministers anxious to prove to voters that the economy is on the mend will be cheered by a report out today from the House Builders' Federation. This suggests that sales may be slowly picking up in the housing market, a crucial sector for economic recovery.

Government supporters are also likely to take comfort from the latest distributive trades survey from the Confederation of British Industry, which pointed to a modest improvement in retail sales last month.

The fall in the FT-SE 100 index to its lowest close for two months came after investors virtually gave up hope of a cut in base rates, now at 10.5 per cent, before the election on April 9. Reflecting this, the three-month interbank rate, which shadows base rates, firmed by ⅛ percentage point to close at about 10⅝ per cent.

On currency markets, investors switched funds out of sterling into other currencies. Sterling lost ground yesterday against the dollar, closing in London more than 1½ cents down at $1.7085. Its trade weighted index shed 0.6 percentage points to 89.7. The pound may be put under more strain if opinion polls over the next few days point to a Conservative defeat.

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# Retail sales recovery

Continued from Page 1

Separate figures yesterday showed a fresh rise in weekly claims for unemployment insurance to above 450,000, a level that normally points to recessionary conditions.

Some of the bounce in retail sales reflects the partial recovery of the housing market, following cuts in interest rates.

Sales of building materials rose 5.7 per cent in February, the third sharp monthly increase.

Furniture sales were also up substantially.

Baseball fans hope unpopular Steinbrenner will be out after takeover

# Paramount may pitch for Yankees

**By Alan Friedman in New York**

FANS of the New York Yankees let off a rousing cheer yesterday as it emerged that Paramount Communications, the cash-rich entertainment and publishing conglomerate, is preparing to make a pitch to acquire the once legendary baseball team.

The cheering, however, was not so much in appreciation of Paramount's expected bid, which might total as much as $250m. It was more in anticipatory relief that Mr George Steinbrenner, the Yankees' much-hated majority shareholder, may finally be ready to sever his 19-year-old ties with the team.

The 62-year-old Mr Steinbrenner was banned in 1990 by America's baseball commissioner from any day-to-day responsibility for the Yankees after allegations related to a payment he made to a gambler.

Mr Steinbrenner is roundly despised by scores of Yankee fans, who accuse him of allowing the team to stagnate amid controversy and mismanagement.

Paramount, which is sitting on a cash balance of nearly $1bn, already has a significant investment in the Yankees. The entertainment group's MSG cable television sports network three years ago paid $500m for an exclusive contract to broadcast Yankee games until the year 2000.

Paramount also owns Madison Square Garden, the site of many sports events, as well as two of New York's champion clubs, the Knickerbocker basketball team and the Rangers ice hockey team.

The Yankees, alas, are far from being champions.

The Bronx-based team remains both profitable and America's most prestigious baseball franchise – it is, after all, the team that was made great by legends such as Babe Ruth and Mickey Mantle. But fans blame the imperious Mr Steinbrenner for wreaking continuous havoc at the club and most would be delighted to see him sell his 55 per cent shareholding. He is one of 20 investors in the team.

Mr Steinbrenner has made 20 managerial changes at the Yankees in the 19 years since he bought the team from CBS, the television network.

Billy Martin, the Yankees' best-known manager, was fired and reinstated as manager no fewer than five times.

In the summer of 1990, Mr Fay Vincent, the baseball commissioner, suspended Mr Steinbrenner from engaging in day-to-day decisions after finding his conduct to be "not in the best interests of baseball".

The conduct in question was a $40,000 payment made to Mr Howard Spira, a self-confessed gambler.

Mr Spira was alleged to have provided Mr Steinbrenner with damaging information about Dave Winfield, a leading Yankee player with whom Mr Steinbrenner had feuded.

The full story remains murky, but Mr Steinbrenner is said to be determined to get his own back with the baseball commissioner, even if this means launching a personal lawsuit after selling out his majority control of the Yankees.

The view of fans was summed up yesterday by Mr Mark Moskin, a night club promoter and diehard Yankee supporter: "I hope Paramount scores a home run. I definitely blame Steinbrenner for the downfall of the Yankees. He has damaged the team's stability and its continuity, and he's a real egomaniac."

Mr Steinbrenner, meanwhile, was keeping a low-profile yesterday.

He was said to be discussing the possible sale with his partners in Florida, where the team is warming up for the coming season.

THE LEX COLUMN

# Sterling in poll position

**FT-SE Index: 2,493.3 (−29.1)**

The more time investors spend analysing the forthcoming UK election, the more nervous they seem to become. Hence the renewed fall in UK equities yesterday, although the low trading volume suggests dealers were also lowering prices to put off would-be sellers. Perhaps more worrying was sterling's weakness. The dollar was partly to blame after more evidence of US recovery, but sellers of the UK currency were pushing against an open door. In trading after official hours, sterling dropped below DM2.86 and went through its ERM floor against the peseta.

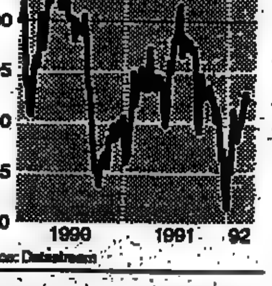
The latter level will doubtless be quickly regained this morning. But after yesterday's poor inflation figures in Spain, the authorities there are unlikely to help by cutting interest rates. The question is where that leaves the UK government if the downward pressure gathers force.

It would be political suicide to raise interest rates, so the government has to hope that its commitment to the ERM will be enough to deter speculative excess. The risks of selling short grow larger and the scope for profit smaller as the currency moves closer to its absolute floor. But, with sterling still 8 pfennigs above its lower limit against the D-Mark, there is some leeway. Depending on reaction to the first batch of opinion polls, the speculators might have a go anyway.

## RTZ

RTZ

Share price relative to the FT-A All-Share index



Source: Datastream

The 3 per cent gain in RTZ shares in yesterday's weak market had a logic which went beyond the immediate impact of its results. With 80 per cent of its turnover abroad, the company can face UK electoral turmoil with equanimity. Indeed, if that leads to a weak pound, so much the better for RTZ's earnings. Its products are mostly denominated in dollars and their price should in any case start to firm as evidence of US recovery grows.

Strip out the £74m exceptional depreciation charge for Kennecott's Utah copper smelter and 1991 profits were above expectations. The strong balance sheet means the new $880m smelter, itself likely to enhance margins substantially, can be financed with ease.

Still, it would not do to get carried away. The metals markets are vulnerable to upset by selling from the former Soviet Union. This year will not see a repeat of the strong contribution from Hamersley ore sales to Japan where the economy is turning down. RTZ says it will not allow its surplus ACT problem to upset its progressive dividend policy, but that means investors may have to live with a lower cover ratio than they have been used to in the past.

## Legal & General

The Accounting Standards Board has come to Legal & General's rescue in the nick of time. It was, at any rate, ASB deliberations on extraordinary and exceptional items which justified booking profits above the line from the transfer of L & G's unit linked business to the group's own life fund. The happy result: a modest £11m pre-tax profit last year instead of a thumping loss. The reshuffle no doubt makes excellent sense; it is worth bearing in mind, though, that raising the payout 5 per cent might not have been so easy without it.

Investors have to weigh up L & G's solid asset backing and prospective income flow against the uncertainties of the trading outlook. There is no doubt that the company wants to limit its exposure to general insurance, which lost more in 1991 than year end UK shareholders' funds. But with the UK life and pensions side apparently struggling to pick up new business, and the company itself so agnostic about the timing of a general insurance upturn, the strategy looks a little fragile for the moment. At least mortgage guarantee losses look to be conservatively provided.

None of this is to say that the shares at 387p are expensive. On the contrary, the £200m after tax increase in shareholders' interest in the life fund suggests that they are trading on a 10-15 per cent discount to net assets. There is room to quibble with some of the assumptions, but that looks good value compared with those composites still trading at a premium.

## United Biscuits

Another food manufacturer, another dividend safely in the bag. Yesterday's 8 per cent increase in pre-tax profits from United Biscuits was certainly better than the market expected from a tough year, the more so because UB made a novel £3m provision against US healthcare liabilities.

By clever marketing, UB made ground in its main businesses, notably at Terrys where profits defied a collapse in demand for boxed chocolates. Rationalisation of Ross Young's is almost over, so profits there should bounce once the frozen food market improves. The group looks set for another solid, if unspectacular year, an outlook fully reflected by a multiple in line with the market average.

A footnote to the debate over brand valuations: UB sold Ross Young's catering wholesale business, in the process writing nearly £13m off its balance sheet intangible assets. It bought and valued the brand a mere four years ago.

## NatWest

The decision by the trade and industry secretary to reopen the Blue Arrow inquiry is an astonishing condemnation of the UK system of regulation. One departmental inquiry and subsequent trial have already cost the taxpayer nearly £40m. Now, suddenly, more money is to be spent examining allegations made in court last summer and subsequently widely reported in the press.

It is a mystery that the government should have delayed so long initiating an investigation into facts which should have been fully established in the original inquiry. But it is equally perplexing that National Westminster waited until the allegations were revived by The Economist before seeking an inquiry. The position of Mr Tom Frost, National Westminster chief executive, is unenviable. He utterly rejects the suggestion which emerged in last year's court proceedings that he was involved in the cover-up. Now he faces a long wait to have his name cleared. Perhaps, however, in view of the continuing embarrassment to the bank, it would still be better for him to stand down until that process is complete.

WORLDWIDE WEATHER

| | | °C | °F |
|---|---|---|---|
| Ajaccio | S | 15 | 59 |
| Algiers | S | 17 | 63 |
| Amsterdam | R | 9 | 48 |
| Athens | F | 9 | 48 |
| Bahrain | S | 17 | 63 |
| Bangkok | F | 34 | 93 |
| Barcelona | [illegible] | 11 | 52 |
| Beijing | S | 11 | 52 |
| Beirut | S | 17 | 63 |
| Belfast | R | 7 | 45 |
| Belgrade | S | 11 | 52 |
| Berlin | R | 5 | 41 |
| Biarritz | F | 11 | 52 |
| Bombay | S | 32 | 90 |
| Bordeaux | R | 11 | 52 |
| Boulogne | C | 9 | 48 |
| Brussels | R | 9 | 48 |
| Budapest | F | 10 | 50 |
| Buenos Aires | F | 29 | 84 |
| Cairo | S | 29 | 84 |
| Cape Town | S | 21 | 70 |
| Caracas | C | 31 | 88 |
| Casablanca | F | 17 | 63 |
| Chicago | S | -8 | 18 |
| Cologne | R | 7 | 45 |
| Copenhagen | R | 6 | 43 |
| [illegible] | S | 14 | 57 |
| Dallas | S | 4 | 39 |
| Dublin | C | 8 | 46 |
| Dubrovnik | – | – | – |
| Edinburgh | C | [illegible] | 45 |
| Faro | S | 18 | 64 |
| Florence | S | 12 | 54 |
| Frankfurt | C | 7 | 45 |
| Geneva | F | 10 | 50 |
| Gibraltar | F | 17 | 63 |
| Glasgow | C | 6 | 43 |
| Helsinki | R | 2 | 36 |
| Hong Kong | F | 18 | 64 |
| Innsbruck | S | 11 | 52 |
| Inverness | [illegible] | [illegible] | 45 |
| Islamabad | C | 21 | 70 |
| Istanbul | R | 8 | 46 |
| Jakarta | [illegible] | 32 | 90 |
| Jersey | [illegible] | 15 | 59 |
| Johannesburg | S | 28 | 82 |
| Lima | [illegible] | 20 | 68 |
| Lisbon | S | 18 | 64 |
| London | [illegible] | 11 | 52 |
| Los Angeles | [illegible] | 14 | 57 |
| Luxembourg | Dr | 5 | 41 |
| [illegible] | [illegible] | [illegible] | [illegible] |
| Madrid | S | 14 | 57 |
| Majorca | C | 15 | 59 |
| Malaga | S | 15 | 59 |
| Malta | S | 15 | 59 |
| Manchester | R | 9 | 48 |
| Manila | F | 34 | 93 |
| Melbourne | S | 20 | 68 |
| Mexico City | S | 24 | 75 |
| Miami | F | 15 | 59 |
| Milan | S | 11 | 52 |
| Montreal | Sn | -14 | 7 |
| Moscow | F | 4 | 39 |
| Munich | S | 9 | 48 |
| Nairobi | F | 26 | 79 |
| Naples | F | 13 | 55 |
| Nassau | C | 29 | 84 |
| New Delhi | S | 31 | 88 |
| New York | F | 3 | 37 |
| Nice | S | 15 | 59 |
| Nicosia | C | 14 | 57 |
| Oporto | S | 16 | 61 |
| Oslo | F | 4 | 39 |
| Paris | Dr | 9 | 48 |
| Prague | F | [illegible] | [illegible] |
| Reykjavik | C | -4 | 25 |
| Rhodes | R | 12 | 54 |
| Rio de Janeiro | F | [illegible] | [illegible] |
| Rome | S | 14 | 57 |
| Salzburg | F | 11 | 52 |
| San Francisco | [illegible] | 9 | 48 |
| Seoul | S | 12 | 54 |
| Singapore | S | 31 | 88 |
| Stockholm | Sn | 1 | 34 |
| Strasbourg | C | 9 | 48 |
| Sydney | F | 26 | 79 |
| Taipei | F | 23 | 73 |
| Tangier | S | 18 | 64 |
| Tel Aviv | S | 15 | 59 |
| Tenerife | S | 19 | 66 |
| Tokyo | C | 11 | 52 |
| Toronto | F | -11 | 12 |
| Tunis | F | 16 | 61 |
| Valencia | S | 15 | 59 |
| Venice | S | 11 | 52 |
| Vienna | S | 11 | 52 |
| Warsaw | C | 5 | 41 |
| Washington | S | -3 | 27 |
| Zurich | S | 7 | 45 |

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES

# COMPANIES & MARKETS

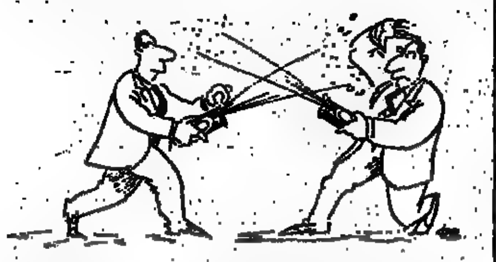
Friday March 13 1992

## INSIDE

### ABN Amro rises 5.9% to Fl 1.54bn

ABN Amro, the Netherlands' biggest bank, reported a 15.9 per cent rise in net profit in 1991, reflecting improvements in its domestic operations and interest margins at home and abroad. Page 16

### Foster's shake-up benefits Asahi



A battle for control of Foster's Brewing Group burst into the open this week with the resignation of Mr Peter Bartels, managing director. At first, his departure looked like a victory for Mr John Elliott, former chairman and chief executive who has been trying to regain control. However, the real winner would seem to be Japan's Asahi Breweries, which owns 19.9 per cent of Foster's. Page 18

### Bombay bulls in a battle of wits

This week has seen a battle of wits in the Bombay equity market, between bullish traders on one side, and state-owned mutual funds and institutional investors on the other. Back Page

### Unrest sours Caribbean sugar

Caribbean sugar exporters are being hit by a wave of industrial unrest to add to their already significant problems. On the one hand, the region faces falling production and on the other it is struggling to retain traditional markets and find new ones. Page 25

### Greek cement sell-off

The Greek government has approved the sale of Heracles General Cement, the largest company in Greece's privatisation programme, to an Italian-Greek joint venture led by Calcestruzzi of Italy, the Ferruzzi construction subsidiary. Page 16

### TI falls 18% to £105.2m

TI, the specialist UK engineer, yesterday reported an 18 per cent fall in 1991 pre-tax profits to £105.2m ($180m). But, after allowing for a one-off hedging gain in 1990 of £7.3m, profits last year, fell only 13 per cent. Page 22

### Market Statistics

### Companies in this issue

### Chief price changes yesterday

**FRANKFURT (DM)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Decker | 142 | + | 5 |
| Goldschmidt | 320 | + | 27 |
| Sud Chemie | 552 | + | 11 |
| **Falls** | | | |
| Bayer Vereins | 424 | − | 8 |
| Fag Kugel | 237 | − | 6 |
| Lahmeyer | 806 | − | 29 |

**NEW YORK ($)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Schlumberger | 55⅝ | + | ¾ |
| Wal-Mart | 52½ | + | ⅛ |
| **Falls** | | | |
| Black & Decker | 23⅛ | − | 1¼ |
| Dayton Hudson | 83⅞ | − | 3 |
| Dresser Inds | 19¾ | − | ⅛ |
| Silicon Graph | 21¾ | − | 5¼ |

New York prices at 12.30.

**PARIS (FFr)**

| | | | |
|---|---|---|---|
| **Falls** | | | |
| Air Liquide | 783 | − | 17 |
| BIC | 560 | − | 20 |
| Cetelem | 815 | − | 15 |
| Cred Lyon | 571 | − | 19 |
| Geophysique | 663 | − | 17 |
| Imm de France | 950 | − | 48 |

**TOKYO (Yen)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Nachi-Fujikoshi | 574 | + | 39 |
| Nippon Kakoh | 636 | + | 55 |
| Tokyo Electron | 2000 | + | 140 |
| Toyo | 1070 | + | 70 |
| Toyo Wharf | 490 | + | 35 |
| **Falls** | | | |
| Kokusai Secs | 969 | − | 70 |

**LONDON (Pence)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| BTR | 398 | + | 10 |
| BWD Secs | 61 | + | 3 |
| RTZ | 555 | + | 16 |
| **Falls** | | | |
| Amersham | 425 | − | 17 |
| Argos | 258 | − | 14 |
| A B Foods | 348 | − | 11 |
| Baynes (Ch) | 56 | − | 4 |
| Charter Cons | 488 | − | 17 |
| Christies Int | 129 | − | 15 |
| Courtaulds Tex | 465 | − | 18 |
| Evered Bardon | 74 | − | 4½ |
| Guinness | 575 | − | 27 |
| Harland Simon | 135 | − | 11 |
| Kingfisher | 489 | − | 14 |
| Kleinwort Bsn | 238 | − | 12 |
| MTM | 88 | − | 8 |
| Micro Focus | 2215 | − | 90 |
| North West Wtr | 350 | − | 14 |
| PFG Hodgson K | 43 | − | 5 |
| Stanhope Prop | 26 | − | 3 |
| Tesco | 252 | − | 12 |
| Trencherwood | 7½ | − | 5 |
| Triton Euro | 28 | − | 13 |
| Unitech | 189 | − | 8 |

# RVI edges back into the black

By William Dawkins in Paris

RENAULT Véhicules Industriels (RVI), the French truck and bus maker, crawled back into profit last year, burdened by continuing losses at its US subsidiary.

The group, which with its Swedish partner, Volvo Truck, forms the world's largest heavy truck maker, yesterday reported a FFr23m ($4.12m) net profit for 1991, against a FFr102m loss in the previous year.

Mack Trucks, the troubled US arm, contributed a FFr621m loss last year, a sharp decline from the FFr1bn loss in 1990, reflecting gains from rigorous cost-cutting and a decision to stop resorting to unprofitable contracts to defend market share.

Group turnover slipped 7.7 per cent from FFr29.65bn to FFr27.38bn, a sign of the continuing downturn in the US and European transport industries. "The economic recession was widespread, sparing only Germany ... and countries in south-east Asia," said Mr Shemaya Levy, general manager.

Mr Jean-Pierre Capron, RVI's chairman, said the outcome "was nothing to be ashamed about" against competitors' likely results and predicted that 1992 "will be an extremely difficult year".

European sales fell 3.7 per cent to FFr21bn, with profits from the region down 33 per cent to FFr644m. RVI's market share held level at 11.8 per cent, in a market where overall demand fell more than 10 per cent.

The US market, meanwhile, fell between 21 per cent and 24.5 per cent – depending on the size of truck – to its lowest for eight years. Mack's sales fell 23 per cent to $1.2bn and the US truck-maker lost market share as it held its prices. It "virtually left the big fleet market", said Mr Capron.

RVI took full control of its former minority-owned US arm 18 months ago, in an attempt to resolve its problems, a mixture of over-manning, poor quality and marketing.

Mr Capron said the Mack restructuring plan was paying off, with a 15 per cent fall in overheads over the past 15 months and a reduction in the workforce to 5,424, from 9,400 three years ago. He said RVI needed to keep its north American presence. Overall, RVI has reduced its workforce by 7 per cent to 28,100 over the past year.

The partnership with Volvo Truck was proceeding well, and savings were already coming from pooled purchasing of components, said Mr Capron. More significant gains from the alliance, in which Volvo owns 45 per cent of RVI, should be evident from 1994-95, he said.

**Deborah Hargreaves** reports on the ending of British Gas's monopoly

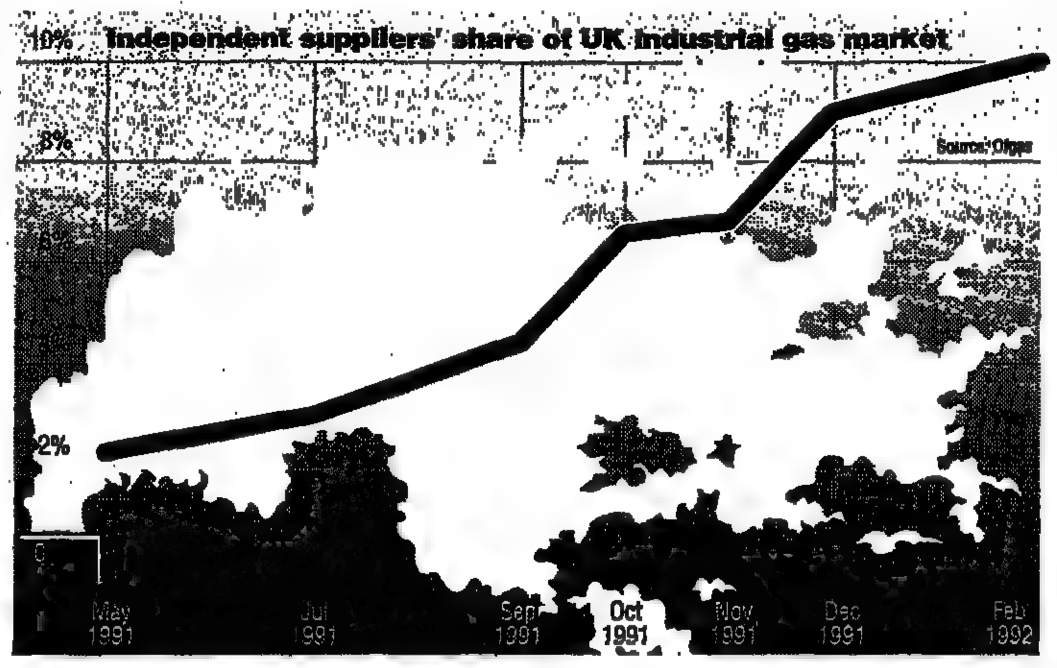
# Green light for UK gas suppliers

A £1bn ($1.71bn) a year UK gas market has been opened up for independent suppliers this week with British Gas's agreement to reduce its share of industrial and commercial customers from a virtual monopoly to 40 per cent by 1995.

Pressed by the government, British Gas also agreed to run its pipelines as an arm's length business serving it and other suppliers on equal terms.

The two changes, together with the prospect of independent suppliers serving retail customers later in the decade, will mark the end of British Gas's virtual monopoly over UK gas supplies.

This was welcome news for the small number of independent gas suppliers who now see scope to expand their business. "We welcome the proposal to release gas to new suppliers," said Mr Norman Ellis, managing director of Kinetica, a gas company jointly owned by North Sea producer, Conoco, and electricity generator, PowerGen. "But we hope we will be consulted about the mechanisms of the new arrangements to avoid disruptions."



So far, only nine companies supplying 1,900 customers compete against British Gas. They account for a fraction of the industrial market which itself is one-third of the total UK gas market. But the government is keen to encourage smaller, entrepreneurial gas marketing companies to become active in the market to forge links between a wider range of customers and a source of supply.

The choice of supplier is a luxury so far enjoyed only by large business users, but soon small companies will benefit when the government lowers the consumption threshold for companies to choose an alternative supply.

Large energy users have generally welcomed having a choice of supplier. "We are keen to talk to companies that can provide us with one overall price for gas – the British Gas price schedules are extremely complex," said one energy buyer.

Rivals to British Gas have, in the five years since its privatisation, come from the large oil companies which produce gas in the North Sea. "The independents are really gas traders which can balance supply and demand, making supply available when customers want it by negotiating with producers and arranging a transport contract," explains Mr Alan Marshall, managing director of Agas, a UK independent wholesaler. His company is concentrating on supply to large industrial sites.

But taking on British Gas will be no easy feat. Some of the independents have found partners among regional electricity companies eager to diversify since they were privatised. Seeboard, the supplier to the south-east of England, recently became the latest of four electricity companies to announce the formation of a gas supply subsidiary.

The electricity companies are preparing to move into the domestic market when that opens up. Household customers could then choose a joint gas and electricity supplier with the cost of both fuels covered on one bill.

United Gas, an independent gas sales company, has teamed up with the electricity companies to move into the smaller end of the market. "We looked at the market and saw there was no point in supplying large users because we just couldn't compete with British Gas on price," said Mr Peter Bryant, deputy chairman. "But we saw the opportunity for suppliers to medium-sized customers, and eventually households."

Midlands Gas, in which United has a 25 per cent stake, was the first electricity venture pioneered by Mr Bryant. The company has a contract to provide the fledgling supplier with 36m therms of gas for its first year of operation.

According to Mr Roger Gill, managing director of Midlands Gas, the company has 420 customers and will soon sell all its gas allocation for the first year.

Mr Bryant also wants to develop new forms of energy contracts for the UK market and be actively involved in building up short-term sales. No short-term market exists in the UK, but increasing competition could lead to the sale of some gas on a monthly basis as in the US.

United has experience of the US market as it is an offshoot of Utilicorp, the second-largest gas marketing company in the US. Utilicorp buys reserves and sells them on to customers at a small, fixed premium.

Kinetica is looking beyond pure gas supply. The company has grown into one of British Gas's largest rivals and supplies more than 900 sites. Mr Norman Ellis, managing director, says: "We've always believed that just being a trader has its limitations. A lot of British Gas's strength comes from owning its own infrastructure such as gas pipelines."

The company has secured the first contracts to build independently owned pipelines in the UK to supply two power stations.

British Gas owns the transmission grid, but must hive this off into a separate subsidiary, a move the government hopes will convince competitors the company's transit tariffs are fair.

British Gas is obliged to give rivals access to its pipelines, but has been accused of providing more favourable transport tariffs for its own supplies. "For a balanced independent company to succeed in what will be a highly competitive market, I'm convinced it will need its own pipelines," said Mr Ellis. "But getting a foothold in that business has been very, very difficult."

The country is unlikely to become criss-crossed by a mass of rival gas pipelines, however. Once British Gas hives off its pipeline and storage facilities, competitors will have access to its main pipeline system and the smaller domestic lines right up to the household meter.

To reach domestic customers, rivals may have to install their own meters. This is one of a number of criteria being thought through before this sector is opened.

Mr Bryant believes competition will begin to develop for household users by the end of the decade. But he stresses the government needs to set some standards for entry into the market to ensure that rival suppliers are not likely to run out of supply and cut off domestic users.

# Siemens chief sees no end to downturn

By Andrew Fisher in Frankfurt

MR KARLHEINZ KASKE, chief executive of Siemens, yesterday warned that a speedy end to the worldwide economic slowdown was not in sight.

Turnover of the German electrical and electronics group rose 9 per cent to DM23bn ($14bn) in the first four months. However, he told the annual meeting: "We should not pitch our expectations too high. The economic climate has become much rougher in the last few weeks and months."

Mr Kaske said new order inflow dropped 1 per cent to DM23bn in the first four months ended January. Foreign orders were 3 per cent lower than the previous year, with a 6 per cent decline in export contracts from Germany. Domestic orders, however, rose 2 per cent. For the full year, he expected total orders to be at least DM85bn, a rise of only around 4 per cent against last year's 21 per cent.

He said hopes had not been fulfilled that the recession-hit economies of North America and western Europe would recover before those of Japan and Germany started slipping. There were also doubts over political development in eastern Europe. "This must have a particular impact on Germany," he said.

Siemens had already noticed a slowdown in demand in Germany, he said. This was evident in heavy plant business now that the order thrust from east Germany appeared past its peak.

Mr Kaske, who will be succeeded in October by Mr Heinrich von Pierer, said net profits – up 7 per cent last year to DM1.8bn – had risen this year at the same pace as turnover.

One burden on group profits is Siemens Nixdorf Informationssysteme, formed by merging loss-making Nixdorf with its own computer operation. Mr Kaske said SNI hoped to save DM600m a year by shedding staff and cutting production costs.

At the Cebit electronics fair, Mr Hans-Dieter Wiedig, SNI chief executive, said the company hoped to halve its losses this year. But the extent of the improvement would depend on how far turnover rose.

SNI lost DM781m in the year to September 30, 1991, with turnover down 2 per cent to DM12.1bn. In the first five months of 1991-92, turnover was up 23 per cent to DM4.8bn and the order inflow by 13 per cent to DM4.7bn.

Mr Wiedig said domestic business was as expected, but orders from abroad had been lower.

# RTZ shares rise on news of better-than-expected profits

By Kenneth Gooding, Mining Correspondent, in London

SHARES IN RTZ, the world's biggest mining company, rose against the market trend in London yesterday by 16p to 555p after the group reported a better-than-expected 36 per cent drop in pre-tax profits for 1991.

In spite of the relatively gloomy outlook for metals demand in 1992, RTZ is maintaining its annual dividend at 19.5p a share.

Pre-tax profits fell from £507m, or 51.4p a share, to £308m ($527.45m), or 31.1p, after taking account of a £74m exceptional item (£46m net of tax).

Net attributable earnings, which RTZ said was the most relevant measure of its performance, fell 39 per cent from £507m to £308m after the exceptional item.

Mr Bob Wilson, chief executive, said that "by no stretch of the imagination could these be called good results". But he pointed out that while 1991 earnings were £199m lower than in 1990, operating cash flow remained strong at £744m, only £57m or 7 per cent less than in 1990.

Although capital expenditure was higher at £307m (£272m), continuing high levels of cash generation ensured the balance sheet remained healthy, with gearing up only slightly from 25 per cent to 27 per cent.

The exceptional item related to RTZ's decision to scrap the copper smelter at its Bingham Canyon mine near Salt Lake City in the US and replace it with an $880m new one.

Mr Wilson made it clear RTZ was keeping its options open about the $770m development of a gold project at Lihir Island in Papua New Guinea.

He said that, even if Lihir went ahead with the smelter project, he would not expect RTZ's gearing to rise above 40 per cent.

In the face of difficult economic conditions last year, RTZ accelerated the pace of efficiency improvements.

In 1991 its workforce was reduced by a further 8 per cent or nearly 4,000 to 44,600. In 1990 about 7,000 jobs were lost.

The group warned that there would be more redundancies in 1992, particularly at QIT, the titanium dioxide subsidiary in Canada.

Group turnover slipped 4 per cent to £4.89m. Earnings from mining and metals fell by £61m to £308m while those for industrial minerals and manufactured products fell £29m to £140m.

Lex, Page 14; Copper smelter project, Page 26; Market, Page 27

# Legal and General falls to £11.3m

By Norma Cohen, Investments Correspondent, in London

LEGAL and General, the life assurance and financial services group, yesterday reported a sharp drop in pre-tax profits in 1991 to £11.3m, ($19.9m) and said it would have recorded a significant loss without an unusual accounting transaction that added £81.5m in exceptional profits.

In 1990, Legal and General had profits of £68.6m. The transfer of the group's Unit Assurance and Unit Pensions Companies to the Society's Life Fund allowed the company to post an exceptional profit by recording the previously unrealised value of the subsidiaries.

Legal and General has also reduced the exposure of its shareholder funds – upon which solvency margins are based – to UK equities. A £130m holding has been cut to £100m over the past two months and the company has purchased a put option on 25 per cent of the remaining exposure. Mr David Rough, head of investments, said the put expired in June and was intended to shield the funds against possible volatility in the stock markets after the UK election in April.

Meanwhile, Legal and General raised its final dividend of 12.6p for a total 1991 payout of 18.8p – a 5 per cent rise on 1990. Mr David Prosser, group chief executive, said the dividend rise reflected the company's confidence in the future of its core life and pensions business.

Profits in that sector rose modestly last year to £126m from £122m but general insurance recorded losses of £176m, compared with a loss of £52m the year before.

Mr Prosser said general insurance would continue to lose money this year as well. "We expect to see reduced losses in 1992 but still losses, I'm afraid," he said. He added that the company was reviewing its future in general insurance. "We don't want to be in general insurance if it is not going to be profitable."

In general insurance, reserves for losses on mortgage indemnity were raised by £97m, with funds set aside for 90 per cent of properties in repossession and 50 per cent of those with serious arrears.

Analysts said the reserve provisions were more prudent than those of most of the company's competitors.

Legal and General also said it had been hit by £50m in subsidence claims in 1991.

Earnings per share were 6.81p, compared with 12.07p.

Lex, Page 14; Market, Page 27

# United Biscuits advances despite weak UK trading

By Guy de Jonquières, Consumer Industries Editor

UNITED Biscuits last year increased pre-tax profits by 8 per cent to £211.3m ($363.4m) as solid performances by its US and continental European operations offset weak trading in the UK.

Mr Robert Clarke, chairman, said the results, were "highly creditable" in difficult economic conditions. Although there was no sign of an upturn in United Biscuit's main markets, he forecast satisfactory profits and earnings this year.

The results, which exceeded market expectations, compared with £195.1m in the previous year. Sales advanced to £2.98bn from £2.72bn.

The fastest growth was in the continental operations of the McVitie's division, where recent acquisitions contributed to an increase in operating profit to £14.6m from £5.2m, on sales of £217.9m, up from £103.9m.

K P Snacks' continental business also did well, increasing profit to £6.6m from £5.4m, on sales of £140.4m against £99.1m.

In the US – where product launches helped the Keebler division increase its shares of the cracker, cookie and salty snacks markets – trading profit rose to £65.6m from £54.7m. Sales were £983m compared with £900.8m.

Keebler's results were affected by a change in accounting policy to reflect the cost of US post-retirement healthcare benefits. The additional costs reduced United Biscuit's pre-tax profits by £3.1m. The previous year's figures have been re-stated to reflect the change.

In the UK, McVitie's lost volume market share but increased profit to £92.1m from £85.6m on sales of £586m, up from £548.6m. K P's profit rose to £36.9m from £36.1m on sales of £363.9m (against £343.2m).

Terry's, hit by a decline in demand for boxed chocolates, saw profits edge up to £14.3m from £14m, on sales of £143.4m against £138.9m.

Profits for the Ross Young's frozen foods operation fell to £27.5m from £30.1m, on sales of £542.9m, up from £564.4m.

Acquisitions overseas and the UK recession meant that only 53 per cent of the group's sales and 64 per cent of its profit were generated in Britain last year, the lowest levels in the company's history.

Earnings rose 9 per cent to 29.5p a share on a fully diluted basis, from 27.1p a year ago. Undiluted earnings were 30.8p, up from 28.9p.

The interim dividend is raised to 5.5p, from 5.3p previously, for a full-year total of 9.8p, compared with 9.1p.

# Grolsch to lift payout by 10%

By Ronald van de Krol

GROLSCH, the Dutch beer group which recently acquired Ruddles, the UK brewer, is to increase its 1991 dividend by slightly more than 10 per cent, after raising full-year profits by a similar rate.

The company, which has more than doubled in size since 1990 with the takeovers of Ruddles and Wicküler of Germany, said it was "well satisfied" with its performance in 1991, in light of challenges presented by economic recession and the Gulf war.

Net profit for the full year rose 10.6 per cent to Fl 41.9m ($22.6m), on sales up 67.5 per cent at Fl 791.5m. The sharp rise in sales mainly reflected the first-time consolidation of Wicküler, a regional brewer in Germany's Ruhr area. Ruddles will be included in Grolsch's accounts from February 21, 1992.

Grolsch's 1991 dividend will be raised to Fl 5.20 from Fl 4.70. The company is forecasting a further profit improvement in 1992.

Unlike Ruddles, which needs no restructuring, Wicküler is being revamped to boost efficiency and focus on its three main brands.

Grolsch expects the German unit, which posted an unspecified "satisfactory" after-tax profit in 1991, to start making a substantial contribution to profit per share from 1994.

● Hunter Douglas, the Dutch-based manufacturer of window coverings and architectural products, posted a 41.7 per cent decline in net profit in 1991, extending the trend of the first half.

Despite the downturn, it said it would hold its dividend at Fl 2, citing a sound balance sheet and confidence about the future. The company is forecasting an improvement in results for 1992.

## Commission head to stand down

THE HEAD of Norway's Banking, Insurance and Securities Commission (BISC) is to step down one year before his contract comes up for renewal, the finance ministry said yesterday, writes Karen Fossli.

Mr Svein Aasmundstad has been sharply criticised for speaking out publicly on sensitive information.

# Leu Holding up strongly

LEU HOLDING, parent of Bank Leu and other Swiss banks and property companies, has reported a 69 per cent surge in consolidated net income for 1991, to SFr91m ($61m), writes Ian Rodger.

The increase was due largely to recovery from 1990, when Bank Leu's earnings were virtually eliminated by a huge internal fraud.

The directors are recommending a rise in dividends, from SFr60 to SFr65 per SFr500 registered and bearer shares, and from SFr12 to SFr13 for SFr100 shares and participation certificates. They also proposed a restructuring of share capital, converting all other classes of shares and participation certificates into SFr100 bearer shares.

# Profits at ABN Amro surge 15.9% to Fl 1.5bn

By Ronald van de Krol in Amsterdam

ABN AMRO, the Netherlands' biggest bank, posted a 15.9 per cent rise in net profit in 1991, reflecting buoyant profits in its domestic operations and improved interest margins.

Net profit increased to Fl 1.54bn ($830m) last year from Fl 1.33bn in 1990.

Gross profits showed an even stronger rise, of 18.6 per cent to Fl 3.66bn, thanks largely to a 34 per cent increase in the Netherlands, which generated slightly more than 70 per cent of the bank's results last year.

The bank, which declined to make a profit forecast for 1992, said it would pay an unchanged 1991 dividend of Fl 2.90.

A 16 per cent increase in interest income helped lift ABN Amro's total revenue by 13.1 per cent, to Fl 11.32bn, outstripping a 10.6 per cent increase in total costs to Fl 7.67bn.

In the Netherlands, costs rose by just 2.9 per cent, while revenues rose by 12.1 per cent. Commenting on the limited rise in costs, which was due mainly to a 2 per cent decline in the bank's Dutch workforce, Mr Roelof Nelissen, chairman, said: "It is too early to see this as the benefits of the merger."

ABN Amro, which was formed through a merger in 1990, did not merge its domestic operations into one bank until September 1991.

Abroad, gross results fell by 7.5 per cent to Fl 1.1bn. Results rose in North America, the Middle East, eastern Asia, and Africa, but fell sharply in Central and South America.

In Europe, ABN Amro saw "satisfactory" profits except in France, where results were held back by the restructuring of its stockbroking subsidiaries and the lack of book profits on property sales which boosted 1990 results.

Overall, gross results in Europe declined to Fl 416m from Fl 505m in 1990.

● Freight-forwarder Koninklijke Frans Maas has agreed to co-operate with Yellow Freight System of the US. They will combine European and North American networks.

# Procordia stages strong recovery

By John Burton in Stockholm

PROCORDIA, the Swedish pharmaceutical and food group, has doubled profits in 1991 after financial items to SKr4.2bn ($698.8m) and is increasing the dividend to SKr3.15 from SKr2.85.

The recovery in profits reflects the completion of a SKr1.4bn restructuring programme which followed Procordia's merger with the Pharmarcia drug group and Provendor, the food company. The merger depressed earnings in 1990.

Excluding restructuring costs, the 1991 operating result grew 24 per cent to SKr4bn from SKr3.2bn a year earlier.

Procordia said yesterday talks were continuing between the Swedish government and Volvo about the possible merger of Procordia with the Swedish motor and energy group. Volvo and the government each owns 43 per cent of Procordia. The government blocked the merger in January, but is now discussing alternative solutions.

Procordia's healthcare group, which consists of Kabi Pharmacia and Pharmacia Biosystems, last year achieved a 70 per cent jump in operating profits to SKr2.38bn. Kabi Pharmacia, the pharmaceutical unit, increased earnings by 41 per cent to SKr2.1bn due to higher sales of such products as Nicorette anti-smoking gum.

Pharmacia Biosystems, which produces medical equipment, swung into a profit of SKr272m after a loss of SKr95m in 1990. The improvement followed the sale of unprofitable businesses and other rationalisation measures.

The food group, however, suffered a 3 per cent fall in profits to SKr1.98bn despite an 11 per cent growth in earnings to SKr1.05bn for United Brands, the confectionery and tobacco unit which is Procordia's biggest division.

The seafood business suffered a SKr14m loss due to restructuring costs, while the Weibulls nursery plant unit, which will be sold, posted a loss of SKr22m.

The service group had a 96 per cent drop in earnings to SKr4m, reflecting a SKr110m loss for its Sara Hotel operations.

● Kymmene, the Finnish forestry company, yesterday reported a loss after financial items of FM1.3bn ($286.3m) for 1991 after posting a profit of FM394m in 1990. Group sales fell 1 per cent to FM13.4bn.

The company is cutting its dividend to FM0.90 a share from FM1.74.

# Go-ahead for Heracles sale

By Kerin Hope in Athens

THE GREEK government has approved the sale of Heracles General Cement, the largest company on Greece's privatisation list, to an Italian-Greek joint venture led by Calcestruzzi, the construction arm of the Ferruzzi group.

Calcestruzzi and the state-owned National Bank of Greece will pay Dr124bn ($647.1m) in cash for a 69.8 per cent stake held by the Industrial Reconstruction Organisation, the state umbrella for companies being privatised.

This is equivalent to Dr3,500 for each share in Heracles, the second largest company listed on the Athens stock exchange. Heracles' shares rose by 10 per cent in active trading yesterday, closing at Dr3,128.

Calcestruzzi and National Bank originally offered Dr107bn for IRO's shareholding, but raised their bid after Italcementi, Italy's biggest cement producer, indicated it was willing to put up Dr120bn.

IRO said yesterday Calcestruzzi would be the majority shareholder in Calmat, the Italian-Greek joint venture through which the deal is being undertaken, with "about 51 per cent". It will also take over management of Heracles.

National Bank's participation in the deal is considered crucial because of a dispute over a compulsory share increase imposed when Heracles was taken over by the state in 1983, which allegedly violated European Community company law.

If the issue is eventually reversed, making IRO's shares invalid, National Bank would become the largest single shareholder in Heracles.

Heracles is the biggest of Greece's four cement makers, producing 6.2m tonnes annually at two plants in central Greece. More than half of production is exported, using ships owned by the company.

It said net profits for 1991 showed a 33 per cent rise over the previous year, at Dr6.39bn on turnover of Dr56bn.

# Philips, Motorola in R&D venture

By Michiyo Nakamoto in San Francisco

PHILIPS, the Dutch electronics group, is forming a joint venture semiconductor design facility with Motorola, the US semiconductor and communications group. The deal is aimed at supporting the manufacture of chips for CDI, its interactive multi-media consumer electronics product.

Philips said it was investing tens of millions of guilders in the facility, which will become operational in about three weeks.

The decision to invest so much in a semiconductor facility at a time when it has huge financial costs due to a heavy debt burden signifies a commitment by Philips to its semiconductor activities.

The group has always said it needed semiconductor capability to support its consumer electronics activities. Nevertheless, there has been concern about its ability to support its loss-making semiconductor operations.

Doubts about the group's commitment to semiconductors followed its withdrawal from costly research and development projects under Jessi, the joint European semi-conductor R&D initiative.

Philips's semiconductor division, which made a loss in the financial year to December, 1990, was also thought at one point to be a candidate for divestment in the group's plan, under president Mr Jan Timmer, to concentrate on returning to profitability.

CDI, however, is positioned as an important consumer product which, Philips hopes, will be one of the next hits it needs to reverse its stagnating fortunes. It has been pumping huge sums into CDI development, particularly in software.

Mr Gaston Bastiaens, director of interactive media systems, said the group expected the price of CDI to fall substantially over the next few years.

# Top telecom groups to form world network

By Alan Cane

SOME of the world's largest telecommunications companies are collaborating to offer specialised communications services to the global financial services industry. The group includes MCI of the US, France Telecom, and Mercury Communications of the UK.

The companies have formed a joint venture called FNA – Financial Network Association – which will provide communications services between the world's financial capitals.

The provision of specialised business communications services is a growing area of commercial interest for telecommunications suppliers. BT of the UK, for example, offers such services through its Synchordia initiative.

Computing services companies, including General Electric Information Services, have also offered business services over their global networks.

FNA will, however, be one of the first of its kind to specialise in a single vertical market sector involving global telecommunications carriers.

Other members are: AOTC of Australia; RTT-Belgacom of Belgium; Stentor of Canada; Deutsche Bundespost Telekom of Germany; Hong Kong Telecom; Italcable of Italy; KDD of Japan; Singapore Telecom; and Telefonica of Spain.

FNA will be incorporated in Brussels. Its first chairperson is AOTC's Mr Allan Badrick.

## INTERNATIONAL COMPANIES AND FINANCE

# American Express admits problems at card division

By Alan Friedman in New York

MR JIM ROBINSON, chairman of American Express, the travel and financial services group that has been stung by Wall Street criticism and heavy losses in its Optima credit card division, yesterday made a rare public admission of the problems the core card division is facing.

In a surprisingly contrite letter to shareholders, Mr Robinson noted that while the American Express brand name was one of the most recognised in the world, "competitive pressures have arisen in every arena in which we operate".

The embattled chairman told shareholders: "For years we were able to remain above the fray of credit card competition. But bank card issuers have turned their sights on our primary markets – the affluent households and travel and entertainment spenders."

Last year, earnings from the group's core travel related services division slumped by 59 per cent, to $396m, after a $697m pre-tax leap in credit loss provisions. Worse, in terms of image, American Express has had some well-publicised rows with retail merchants such as Laura Ashley of the UK.

Mr Robinson acknowledged the dissatisfaction of many retail merchants with American Express fees that were higher than those of competitors such as Visa or MasterCard.

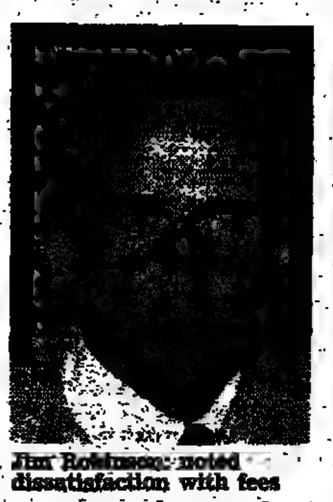
"We want to ensure the card is welcomed – not just accepted – in service establishments that provide the travel, entertainment and lifestyle services our card members want," said Mr Robinson.

"That is not always the case today, as some of you may have experienced," he added.

Mr Robinson said these problems were "unacceptable to us" and stressed that American Express was working on the matter.

He promised that retailers who signed a contract with American Express and then suppressed the card's use would have their contracts cancelled.

The need to strengthen the group's capital structure, as evidenced by the recently announced plan to float up to 45 per cent of the credit card processing subsidiary, was defined by Mr Robinson as a strategic priority.



Jim Robinson: noted dissatisfaction with fees

# Downturn at Dayton Hudson

By Nikki Tait in New York

DAYTON HUDSON, the large US retail group and viewed as one of the nation's more competent stores, yesterday disappointed Wall Street with a fall in profits, to $301m after tax, in the year to February 1.

This compared with $412m in 1990-91, and included a drop in fourth-quarter profits from $235m to $192m, again after tax. Dayton Hudson admitted that the figures, scored on annual sales of $16.1bn compared with $14.7bn, were disappointing, and its shares slid $2¾ to $64 on the news.

Dayton Hudson takes in three main operating units: Target, its discount store chain, Mervyn's, which operates discount department stores mainly on the west coast, and the traditional department store chain, which takes in Marshall Field's, bought from BAT Industries of the UK.

The company said that all three saw a decline in operating profits last year. Target, which competes head-on with the fast-growing Wal-Mart chain, saw profits fall from $466m to $458m, with gross margins down "significantly".

The company has been pushing hard to match Wal-Mart and K mart, and said that its new "value strategy" had hit margins. However, same-store sales were up by 4 per cent, and the group said that Target should see "a strong performance" in the current year.

Mervyn's was hurt by the sluggish Californian economy, with operating profits down from $366m to $284m, and same store revenues declining 1 per cent. The department store business, meanwhile, saw operating profits decline from $183m to $168m, with same store sales up 1 per cent. Overall, same-store sales improved by 2 per cent.

# Liberty Life improves 26%

By Philip Gawith in Johannesburg

LIBERTY LIFE, South Africa's largest listed insurance company, overcame a difficult operating environment to record a 26 per cent increase in earnings in the year to December.

Total income rose by 15.4 per cent to R4bn ($1.40bn). This consisted of R2.27bn net premium income, up by 17.8 per cent from 1990, and R1.73bn investment income, up by 12.2 per cent from 1990. Net taxed surplus attributable to shareholders was 26.1 per cent higher at R275m.

Mr Donald Gordon, chairman, said 1991 was probably the most significant in Liberty's 34-year history. Domestically, Liberty strengthened its position in the local financial services industry by lifting its holding in Standard Bank Investment Corporation, one of the country's premier banking groups, to 40 per cent.

The most significant events took place on the international front where a series of deals did much to enhance the stature of Liberty and Mr Gordon.

Liberty became the first South African company in many years to complete successfully an equity issue abroad when it raised $143m through a share placement. There was also the tie-up between Transatlantic Holdings, the main holding company for the Liberty Group's offshore interests, and UAP, France's largest insurer.

The two pooled their interests in Sun Life, the UK assurer, in a new company, Rockleigh, which is on the point of gaining control of 100 per cent of Sun Life's equity.

The strategic alliance with UAP should reap considerable benefits for the Liberty group, with Sun Life an obvious first focus for their joint attention.

Total new business of Liberty Life for 1991 increased by 18 per cent to R1.1bn. Highlights of this performance included an 18 per cent increase to R482m in new annualised recurring premiums, and the successful launch of the new Medical Lifestyle policies.

Total earnings per share rose by 24.4 per cent to 127 cents, with the dividend being lifted by 25.6 per cent to 108 cents. The amount allocated to policyholders by way of bonus distributions for 1991 rose to R2.37bn, 2.6 times the level of 1990.

# Revco plan approved by bankruptcy court

By Nikki Tait in New York

THE end to another big US retail bankruptcy came into sight, when a US bankruptcy court approved the reorganisation plan put forward by Revco. The plan is likely to take effect within a few weeks.

Revco, based in Ohio, operates about 1,150 drug stores in 10 states and is one of the nation's largest drug store chains.

The retailer's prospective "rebirth" echoes the successful re-emergence from bankruptcy of the Allied and Federated Department Stores chains – previously part of Campeau Corporation – earlier this year.

However, some US stores groups have fared less happily: R. H. Macy, the New York-based department store chain, filed for protection under Chapter 11 of the bankruptcy code shortly after Christmas.

# AMR shares benefit from revised traffic predictions

By Nikki Tait

SHARES in AMR, the parent company of American Airlines, rose $1⅝ to $76½ yesterday morning, after the company suggested to analysts that March results should be better than previously expected.

The results will compare with a very weak month in 1991, when the Gulf war overhung the airline industry. Nevertheless, AMR is reported to have revised its prediction for the increase in traffic from 22 per cent to 26 per cent, with a slightly more favourable picture on costs.

American is one of the three largest carriers, and its results can be a pointer for the industry generally – which has been cheered by some firming of domestic fares. Some analysts were reported to have revised earnings estimates in the wake of AMR's latest news, with growing predictions of a profit from the group in the first three months of 1992.

● About 8,000 former employees at Pan Am, the now-defunct US airline, yesterday launched a $1.1bn "class action" suit against Delta Air Lines.

Delta, one of the three biggest US carriers, was to have been Pan Am's partner in a reorganisation plan which would have reduced the bankrupt airline's route network and left it concentrating on its Latin American and Carribean service. The "reorganised" Pan Am would have continued to employ about 6,900 people.

Delta went ahead with the purchase of Pan Am's east coast shuttle and transatlantic routes, but pulled out of the rest of the deal when Pan Am's losses mounted. Pan Am was then forced to ground its fleet, leaving thousands of employees – mainly in New York and Miami – out of work.

# Henkel rises 3% despite some weak sectors

By Christopher Parkes in Bonn

NET profits at Henkel, the German chemicals and consumer products group, rose by more than 3 per cent last year to DM448m, ($270.1m) in spite of weak performances in export markets and chemicals.

Turnover, up 7 per cent to DM12.9bn, was helped by strong advances in detergents, up 10 per cent, and adhesives, up 8.6 per cent. A 13 per cent increase in sales of adhesives stemmed mainly from the impact of acquisitions.

Overseas sales, disrupted by the Gulf war and political chaos in eastern Europe, fell 11 per cent. Turnover from chemicals, the company's second biggest product group after detergents, rose only 2.9 per cent to DM3.64bn.

# Holzmann sees further sales growth

By Christopher Parkes

PHILIPP Holzmann, one of Germany's leading construction companies, yesterday reported an 18 per cent increase in sales for 1991, and said it had started the new year with orders on its books equivalent to 12 months' output.

Turnover was DM10.95bn ($6.6bn) and the company said operating profits had increased, without giving figures. Shareholders, paid DM11 a share from profits of DM106m last year, would get a "satisfactory" dividend.

Improvements in the domestic market more than compensated for weaknesses in the US, where sales fell almost 12 per cent during the year, and order intake slumped by more than 40 per cent.

Activity in Germany, source of half the group's outstanding orders, remained strong. The former East Germany absorbed a third of last year's total DM600m investment programme, and the domestic workforce was increased by 20 per cent, mainly to help handle more business in the east.

# Hungarian airline reveals 57% profits gain

By Nicholas Denton in Budapest

MALEV, the Hungarian national airline, reported a 57 per cent increase in pre-tax profits for 1991 to Ft2.09bn ($26.5m). Revenue, fuelled by high inflation, rose 29 per cent to Ft22.6bn.

Malev's hotel business, tours and innovatory flight packages helped it mitigate the effect of the 25 per cent drop in passenger miles which accompanied the collapse in eastern European travel.

The group's defiance of the worldwide downturn in airline earnings is likely to heighten western carriers' interest in the minority shareholding which is up for sale as part of Hungary's privatisation drive.

# Eaton 'in talks with Iacocca'

MR ROBERT Eaton, president of General Motors' European operations, has discussed with Mr Lee Iacocca, Chrysler chief executive, joining Chrysler, according to a New York Times article, Reuter reports.

It speculated that Mr Eaton, 52, could succeed Mr Iacocca as Chrysler chief executive officer. Mr Eaton has not received an offer from Chrysler. The report said Mr Eaton was willing to consider moving to Chrysler if the offer were good enough.

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**Monday, 16th March, 1992**

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## SIEMENS
**Notice of Dividend**

On March 12, 1992, the Annual Shareholders' Meeting of Siemens AG has resolved to distribute the net income of fiscal year 1990/91 amounting to DM 685,974,939 and has approved a dividend of DM 13 per share. The dividend attributable to treasury stock, amounting to DM 6,305,000, shall be carried forward.

The following payment will be made against Dividend Coupon No. 36 at the paying agent listed below:

| | |
|---|---|
| Per share of DM 50 par value | DM 13.00 |
| less 26.875% German withholding tax | DM 3.49 |
| | DM 9.51 |

In accordance with the U.K./German Double Taxation Treaty of November 26, 1964, as amended, by a protocol of March 23, 1970, the German withholding tax can effectively be reduced from 26.875% to 15% for shareholders resident in the United Kingdom by submitting an application for a tax refund to the Bundesamt für Finanzen, Friedhofstraße 1, D-5300 Bonn 3, by December 31, 1996.

In the United Kingdom payment will be effected through the following bank:

S.G. Warburg & Co. Ltd.
Paying Agency, 2 Finsbury Avenue, London EC2M 2PA.

**Berlin and Munich, March 12, 1992**

**Siemens Aktiengesellschaft**
**The Managing Board**

Wells Fargo & Company

*US$150,000,000*
Floating rate subordinated notes due 1994

*In accordance with the provisions of the notes, notice is hereby given that for the Interest Period 13 March, 1992 to 15 June, 1992 the notes will carry an Interest Rate of 5 1/4% per annum. Interest payable on the relevant interest payment date 15 June, 1992 will amount to US$137.08 per US$10,000 note.*

Agent: Morgan Guaranty Trust Company

JPMorgan

BANQUE PARIBAS

US$200,000,000
Undated floating rate securities

*In accordance with the provisions of the securities, notice is hereby given that for the three month interest period from 13 March, 1992 to 15 June, 1992 the securities will carry an interest rate of 4 11/16% per annum. Interest due on 15 June, 1992 will amount to US$12.24 per US$1,000 security.*

Agent: Morgan Guaranty Trust Company

JPMorgan

BANQUE PARIBAS

US$400,000,000
Undated subordinated floating rate securities

*In accordance with the provisions of the securities, notice is hereby given that for the interest period from 13 March, 1992 to 15 June, 1992 the securities will carry an interest rate of 4 1/2% per annum. Interest payable value 15 June, 1992 per US$1,000 security will amount to US$11.75 and per US$10,000 security will amount to US$117.50.*

Agent: Morgan Guaranty Trust Company

JPMorgan

*Heart II Limited*
US$174,000,000
Secured Floating Rate
Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 11th March, 1992 to 11th June, 1992 the notes will bear a rate of interest of 4.625% per annum. The interest amount payable on 11th June, 1992 will be US$11,819.44 per note.

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In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 10th June, 1992 has been fixed at 10.525% per annum. The interest accruing for such three month period will be £264.56 per £10,000 Bearer Note, and £2,645.63 per £100,000 Bearer Note. on 10th June, 1992 against presentation of Coupon No. 3.

Union Bank of Switzerland

10th March, 1992

London Branch
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**Bankers Trust New York Corporation**
**U.S. $300,000,000**
**Floating Rate Subordinated Notes due 2000**

For the three months 13th March, 1992 to 15th June, 1992 the Notes will carry an interest rate of 5% per annum and interest payable on the relevant interest payment date 15th June, 1992 will be U.S. $130.56 per U.S. $10,000 Note and U.S. $3,263.89 per U.S. $250,000 Note.

Bankers Trust Company, London

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**1991 RESULTS : ANOTHER LEAP FORWARD**

| FF million | 1991 | 1991/1990 |
|---|---|---|
| • **Sales** | 8,075 | + 8% |
| • **Operating income** | 962 | + 14% |
| • Interest expense | 234 | + 1% |
| • **Operating income after interest** | 728 | + 18% |
| • Other revenues and expenses | 226 | + 15% |
| • Income tax | 188 | + 2% |
| • **Net income, share of SEB S.A.** | 312 | + 34% |

After increasing 36 % in 1990, net income after amortization of goodwill (FF 18 million) rose 34 % in 1991.
Net income per share came to 109.61 francs.
The dividend proposed to the Shareholders' Meeting is 34 francs.

*The preliminary report will be available at the end of March.*
*If you wish to receive it, please telephone or write :*
*Groupe SEB - B.P. 172 - 69132 Ecully cedex - FRANCE*
*Tél. (33) 72.20.16.40.*

**RUSSIA**

The FT proposes to publish this survey on May 13 1992.
The survey will be included in the FT of that day and will be printed in London, Frankfurt, Roubaix, New Jersey and Tokyo. It will be distributed in 160 countries world-wide. For further information about advertising in the survey, please contact Patricia Surridge on London.
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FT SURVEYS

## INTERNATIONAL COMPANIES AND FINANCE

# Battle at Foster's comes to a head

**Kevin Brown** and **Bernard Simon** examine the issues dividing the brewer's boardroom

A backstage battle for control of Foster's Brewing Group, the world's fourth-largest brewer, burst into the open this week with the resignation of Mr Peter Bartels, the group's managing director.

At first sight, Mr Bartels' departure appeared to be a victory for Mr John Elliott, the former chairman and chief executive of Foster's, who has been trying to regain control of the company.

It also raised again the possibility that the board might bend to pressure from Mr Elliott to sell Courage, Foster's UK brewing subsidiary, or its 50 per cent holding in Molson Breweries in Canada.

However, such a sell-off is unlikely. While the balance of power on the Foster's board appears to have shifted marginally in Mr Elliott's favour, the real winner would seem to be Asahi Breweries of Japan, which owns 19.9 per cent of Foster's.

Asahi has emerged as the key to control of the boardroom, along with Mr Ted Kunkel, the chairman of Molson Breweries, who is to replace Mr Bartels as Foster's managing director.

Foster's has been in turmoil since losing a record A$1.3bn (US$984m) in 1989-90, largely as a result of write-offs connected with non-brewing activities acquired during Mr Elliott's period as chairman.

The disastrous result forced Mr Elliott to hand over management to Mr Bartels and become non-executive deputy chairman. But he retained a 38 per cent shareholder in Foster's – then called Elders IXL – through his private company International Brewing Holdings (IBH) – then called Harlin Holdings.

Complicating the issue further, IBH had incurred heavy debt to acquire its shares, and was technically insolvent because of the weakness of Foster's stock, its sole asset.

Mr Elliott bought some time by selling a 17 per cent stake to Asahi, leaving IBH with debt of about A$2.5bn backed by 38 per cent of Foster's stock. The shares are worth about A$1.6bn at last night's closing price of A$1.90.

Mr Elliott has until May to develop a strategy for repaying the debt which will satisfy his main creditors – Hongkong Bank, Citicorp, and BHP, the Australian resources group.

His preferred solution is to spin off the group's non-core assets – mainly in property, aviation and finance – into a separate company, which could be floated to provide a capital return of some A$1bn to IBH.

However, that option was rejected by the 10-strong board in October after Mr Elliott and the two other IBH directors failed to persuade the two Asahi representatives and five independent directors to agree.

**Peter Bartels' departure seems to shift the balance of power in favour of Asahi, which has a 19.9 per cent stake**

Mr Elliott's response was an attempt to depose some of the independent directors at the annual meeting. He backed down only at the last minute after the board agreed to set up a committee – from which Mr Bartels was excluded – to study the IBH plan.

Significantly, the compromise was brokered by Asahi, which at that stage appeared unwilling to side with either the Elliott camp or Foster's management, led by Mr Bartels and Mr Nobby Clark, the group's chairman.

The deteriorating relations between Mr Elliott and Mr Bartels appear to have come to a head during boardroom discussions on the group's net profit of A$77m for the six months to the end of December.

Mr Bartels, backed by Mr Clark and some of the independent directors, argued that Foster's need to strengthen its balance sheet was so great that it should pass the dividend, as it had in the second half of the previous year.

However, Mr Elliott's demand for a return to dividend payments was supported by the two Asahi directors, who backed a payout of three cents a share – equivalent to 87 per cent of profits.

Asahi's action appears to have convinced Mr Bartels that his position was untenable. However, analysts say the Japanese brewer supported a resumption of dividends because of its own financial problems, rather than in support of Mr Elliott.

Ms Eleanor Marsh, brewing analyst at S.G. Warburg in Tokyo, says Asahi is committed to capital expenditure of Y37bn (US$276.5m) this year, but forecasts cash flow of only Y24.2bn. In addition, the group faces repayment of warrants totalling Y185bn in March and August next year.

"They are having a bit of a problem on the financial front, and they may just want some kind of return on the Foster's investment to help relieve some of the pressure," says Ms Marsh.

**A sell-off of Courage, its UK subsidiary, or any other beer business is viewed as extremely unlikely**

Given the balance of forces on the board, Mr Kunkel's role will be crucial. His position is strengthened by unanimous boardroom support, indicating that he is not a stooge for the IBH faction. Executives say he is a strong manager who is unlikely to be intimidated.

Nobby Clark (left), Peter Bartels and John Elliott: a clash over whether the group should return to dividend payments led to the managing director's resignation

Mr Kunkel, 48, is a veteran Foster's manager who was sent to Toronto in 1987 after the group bought Carling O'Keefe, then the smallest of Canada's three main beer companies. He directed Carling's merger with Molson in 1989.

Described by a colleague as "a man who doesn't mince his words", Mr Kunkel has spearheaded a shake-up in which seven of 16 breweries have been closed and the workforce has shrunk by 20 per cent.

"He's done a very, very good job," says Mr Michael Palmer, analyst at Sanwa McCarthy Securities in Toronto. "The merger was difficult to handle, but Molson got through it extraordinarily well."

Mr Justin Hilford, brewing analyst at Potter Warburg, in Sydney, says a break-up of the company remains "extremely unlikely". It would make sense only as a way of providing a capital return to IBH, which has already been ruled out by the board.

Several other options remain open, including a revaluation and partial flotation of the Carlton and United Breweries subsidiary, and the sale of Foster's share options owned by IBH, which would raise up to A$1.2bn for a 20 per cent holding.

Mr Kunkel's appointment will revive speculation that Molson Companies, Foster's joint venture partner in Molson Breweries, may seek to increase its links with Australia by acquiring the options.

The most likely outcome of the Foster's tangle is a deal which would refinance IBH's debt burden and remove some of the uncertainty surrounding the group. That would allow the share price to rise to a point where IBH could clear its debts by selling its remaining shareholding.

"I think what is going to happen is a mutual working-out of the situation, probably involving some kind of debt for equity swap between IBH, the banks and BHP," says Mr Hilford.

"There may be some speeding-up in the sale of Foster's non-core assets, but I would be extremely surprised if there was any attempt to sell Courage or any other brewing business. That would destroy their whole strategy for recovery."

# Flat interim profit leads to shake-up at Coles Myer

**By Kevin Brown in Sydney**

COLES Myer, Australia's biggest retailing group, yesterday said recession had restricted net profits to A$227m (US$171.9m) in the six months to the end of January, an increase of less than 1 per cent on the comparable period of the previous year. Turnover was up 2.1 per cent to A$8bn.

However, Mr Solomon Lew, chairman, said sales had improved "slightly" in February, prompting hopes that "tentative" signs of recovery were beginning to emerge.

Coles also announced the retirement of Mr Brian Quinn, chief executive, as part of a shake-up of senior management intended to improve profitability in under-performing areas of the company.

No replacement for Mr Quinn was announced. The job is widely expected to go to Mr Peter Bartels, the former managing director of Foster's Brewing Group, who resigned earlier this week.

Coles said it was considering an issue of convertible preference shares to raise A$300m to strengthen its balance sheet and finance expansion.

The announcement follows confirmation earlier this month that Coles plans to float at least 60 per cent of Progressive Enterprises, a New Zealand subsidiary, to provide further funds for expansion.

Mr Lew said no big acquisitions had yet been considered, but the company was in "a comfortable position to have a strong cash flow and a strong balance sheet in a buyers' market".

Coles said the recession had affected its businesses throughout Australia and New Zealand, particularly the down-market K mart and Coles Fossey chains. However, the company said several of its chains had traded "very satisfactorily".

**NOTICE**

**THE SECOND SHAREHOLDER REPRESENTATIVES GENERAL MEETING**
**of**
**SHANGHAI VACUUM ELECTRON DEVICES CO., LTD. ("SVEC")**

March 13, 1992

Dear Sirs,

Notice is hereby given that the Second Shareholder Representatives General Meeting is to be held at 9:00am on Wednesday, April 15, 1992 in the meeting room of Shanghai People's Political Consultative Conference (Add: 840 Beijing Road, W., Shanghai, China).

1. Items requiring the sanction of resolution are as follows:
   (a) approval of the Director' 1991 annual working report and the annual accounts;
   (b) approval of the main points of the 1992 work plan and budget prepared by the Board of Directors;
   (c) approval of the Articles of Incorporation of the Corporation; and
   (d) appointment of members of the Board of Directors and the Supervisory Committee and determination of remuneration for directors and members of the Supervisory Committee.
2. Identity of shareholders shall be conclusively determined by reference to the record of shareholders at the Shanghai Securities Exchange on April 12, 1992.
3. Shareholder representatives:
   One representative is to be appointed for every 30,000 state shares and corporate shares held; any shareholder who holds 30,000 individual shares or more shall become a natural shareholder representative; for shareholders holding less than 30,000 corporate shares or individual shares, one representative can be nominated jointly through consultation for every 30,000 shares held between them, alternatively, they may entrust their voting rights to a shareholder representative to act on their behalf.
4. The representative nominated through consultation or entrustment, please submit your certificate of authority to SVEC before April 12, 1992.

**THE CERTIFICATE OF AUTHORITY**

| Hereby I entrust Mr. (Ms.) ____________ as my representative to attend the Second Shareholder Representatives General Meeting of SVEC and he (she) has the voting right to act on my behalf. | |
|---|---|
| Shareholder (signature) | |
| Address | |
| Shareholding amount | |

5. Address of SVEC:
   Fourth Floor, Building No. 2
   95-97 Ji Mo Road, Pudong New Area
   Shanghai, 200120 P. R. China
   Tel: 86-21-8842216
   Fax: 86-21-8841212
   Please contact Mr. Zai Yongsheng

Yours Faithfully,
The Board of Directors
Shanghai Vacuum Electron Devices Co., Ltd.

## CANON INC

Advice has been received from Tokyo that the 91st Ordinary General Meeting of Shareholders of the Company will be held at the Head Office of the Company, 30-2 Shimomaruko 3-Chome, Ohta-Ku, Tokyo, at 9 a.m. on Friday 27th March 1992.

**Matters to be Reported**

Report on the business report, balance sheet and statement of income and retained earnings for the 91st business term (from January 1st, 1991 to December 31st, 1991).

**Matters to be Resolved**

Proposition:
Approval of the profit appropriation plan for the 91st business term.

Holders of Depositary Receipts of Bearer (EDR's and BDR's) wishing to exercise their voting rights in respect of the Shares represented by the Receipts held by them are reminded that, in accordance with Clause 8 of the Conditions, they must lodge their Receipts with Hill Samuel Bank Limited by 3 p.m. 20th March 1992, or with one of the sub-agents by 3 p.m. 18th March 1992, where lodgement forms are available. Voting Rights may only be exercised in respect of Depositary Receipts representing Ordinary shares on the register as at 31st December 1991.

*Copies of the full text of the Notice convening the meeting are available if required.*

**Hill Samuel Bank Limited,**
**45 Beech Street,**
**London EC2P 2LX.**

**Notice of change of address**

**Den norske Bank AS**
(formerly known as Bergen Bank A/S)
up to A$200,000,000
7½ per cent. Yen-Linked Notes Due 1994
(the "Notes")
(of which A$100,000,000 was issued as an initial Tranche)

**NOTICE IS HEREBY GIVEN THAT as of 16th March 1992 the address of**
The Industrial Bank of Japan Limited
London Branch,
(The "Calculation Agent")
is Bracken House
One Friday Street
London EC4M 9JA

By: The Chase Manhattan Bank, N.A.
London, Principal Paying Agent
CHASE

# Temple Court Mortgages (No. 2) PLC
**£150,000,000**
Multi-Class Mortgage Backed Floating Rate Notes 2031
Class A1 £75,000,000 Class A2 £75,000,000

The rate of interest for the period 11th March, 1992 to 11th June, 1992 has been fixed as follows:-
Class A1 is 10.87917 per cent. per annum payable at £273.47 per coupon.
Class A2 is 11.02917 per cent. per annum payable at £277.24 per coupon.
Coupon No. 5 is payable on 11th June, 1992.
Class A1 aggregate principle amount of Notes outstanding as at 11th March, 1992: £64,780,000.

**S.G.Warburg & Co. Ltd.**
*Agent Bank*

## INTERNATIONAL CAPITAL MARKETS

# Treasuries fall on concern over retail sales increase

By Karen Zagor in New York and Sara Webb in London

US TREASURY prices tumbled yesterday morning as traders registered their concern over a 1.3 per cent increase in February retail sales.

The yield on the Treasury's benchmark 30-year bond crossed the 8 per cent level as the market responded to the

### GOVERNMENT BONDS

data, which provided some evidence of economic recovery. At mid-session, the long bond was ⅞ lower at 99⅞, yielding 8.03 per cent, while at the short-end of the yield curve the two-year note was off 1/32 to yield 5.68 per cent.

The market had expected retail sales to rise about 0.8 per cent in February and was surprised by the stronger figure. In addition, January sales were revised to show a rise of 2.1 per cent.

Fear of inflation is starting to weigh on the bond market as the economy starts to show further signs of revival. Yields started to climb on Wednesday after President George Bush said economic growth was more important than the level of long-term interest rates.

The Federal Reserve entered the open market to arrange four-day system repurchase agreements when Fed funds were trading at 3⅞ per cent. The manoeuvre was widely expected and did not indicate a change in monetary policy.

■ UK GOVERNMENT bonds fell nearly a quarter of a percentage point as the market continued to fret about the government's forecast for borrowing in the next financial year.

Traders said an opinion poll in a national newspaper, which predicted a hung parliament, and sterling weakness, also depressed the market. Attention is expected to focus on the opinion polls at the weekend, now a general election has been called. City economists believe a hung parliament is the most likely outcome of the election, according to a telephone poll conducted by Reuter news agency.

The benchmark 11¾ per cent gilt due 2003/07 fell from its opening of 113 3/32 to 113 1/32. Among shorter-dated issues, the 10 per cent gilt due 1994 dropped from 100 19/32 to 100¼. The Liffe gilt futures contract was heavily traded with a volume of 48,000 contracts, and slipped from 95.09 to 95.07.

■ THE SPANISH government bond market dropped sharply on higher-than-expected inflation figures which wiped out any hopes of a cut in interest rates.

Inflation for February rose by 0.7 per cent month-on-month, or 6.8 per cent year-on-year, compared with 5.9 per cent year-on-year in January. The market had expected a month-on-month increase of 0.1 per cent.

Traders said there was a marked sell-off across the yield curve in response as many houses had taken long positions. The yield on the 11.60 per cent bond due 1997 moved from 11.03 per cent at the opening to 11.17 per cent. The 10-year issue – the 11.30 per cent bond due 2002 – saw its yield move from 10.67 per cent to 10.75 per cent.

■ GERMAN government bonds fell on rumours the government is considering a scheme to extend a 25 per cent withholding tax on interest income to foreign investors.

A spokesman for the German Finance Ministry later denied the rumour, but bunds ended the day slightly lower. The Liffe bund futures contract, which opened at 88.28, fell to a low of 88.07 and ended at 88.23.

■ *JAPANESE* government bonds ended unchanged to slightly lower in dull trading, mainly as a result of the yen's weakness against the dollar.

The yield on the benchmark No 129 bond ended unchanged at 5.445 per cent after trading in a range of 5.425 to 5.445 per cent yesterday. The futures contract closed at 102.26, down from its opening level of 102.35, having traded in a range of 102.25 to 102.40. The unsecured overnight call rate was mostly traded at 5 11/16 per cent, up from 5⅝ per cent on Wednesday.

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 10.000 | 10/02 | 100.1534 | +0.064 | 9.98 | 10.08 | 10.13 |
| BELGIUM | | 9.000 | 08/01 | 101.6500 | -0.100 | 8.72 | 8.67 | 8.64 |
| CANADA * | | 8.500 | 04/02 | 97.3500 | -1.250 | 8.92 | 8.85 | 8.31 |
| DENMARK | | 9.000 | 11/00 | 101.9000 | -0.100 | 8.86 | 8.57 | 8.51 |
| FRANCE | BTAN | 8.500 | 09/97 | 98.8421 | -0.083 | 8.79 | 8.71 | 8.70 |
| | OAT | 8.500 | 11/02 | 98.7400 | +0.140 | 8.52 | 8.48 | 8.43 |
| GERMANY | | 8.000 | 01/02 | 100.4600 | -0.080 | 7.92 | 7.89 | 7.86 |
| ITALY | | 12.000 | 02/02 | 99.2200 | -0.080 | 12.13† | 12.15 | 12.26 |
| JAPAN | No 119 | 4.800 | 06/99 | 95.7897 | +0.465 | 5.61 | 5.74 | 5.79 |
| | No 129 | 6.400 | 03/00 | 105.2746 | -0.001 | 5.45 | 5.39 | 5.47 |
| NETHERLANDS | | 8.250 | 02/02 | 99.7800 | -0.160 | 8.28 | 8.25 | 8.30 |
| SPAIN | | 11.300 | 01/02 | 103.0200 | -0.530 | 10.77 | 10.66 | 10.80 |
| UK GILTS | | 10.000 | 11/96 | 100-17 | -12/32 | 9.85 | 9.81 | 9.41 |
| | | 9.750 | 08/02 | 100-13 | -10/32 | 9.69 | 9.59 | 9.32 |
| | | 9.000 | 10/08 | 96-06 | -9/32 | 9.46 | 9.34 | 9.14 |
| US TREASURY * | | 7.500 | 11/01 | 99-13 | -14/32 | 7.59 | 7.47 | 7.33 |
| | | 8.000 | 11/21 | 99-27 | -20/32 | 8.01 | 7.94 | 7.80 |

London closing, *denotes New York morning session Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal *Technical Data/ATLAS Price Sources*

# Italian bank launches $750m of new paper

BANCA Commerciale Italiana (BCI), one of Italy's leading commercial banks, is launching its first Euro-depositary receipt programme, worth up to $750m, organised by Goldman Sachs International, writes Haig Simonian.

Under the highly flexible deal, BCI's new paper can be issued in a variety of leading currencies and with maturities ranging from three months to 30 years. Moreover, the paper to be issued can be in either fixed or floating-rate form.

The bank said the funds would be used to provide a consistent source of finance for its branch network, especially over medium to long-term maturities. BCI has issued certificates of deposit out of London and commercial paper from New York, but the deal marks its debut in borrowing of this type.

### FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on March 12

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 104¾ | 105¼ | -⅛ | 6.81 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 107½ | 107¾ | | 6.98 |
| AUSTRIA 8 1/2 00 | 400 | 104 | 104½ | -⅛ | 7.80 |
| BANK OF TOKYO 8 3/8 96 | 100 | 102¾ | 103¼ | -⅛ | 7.52 |
| BELGIUM 9 5/8 98 | 250 | 108¾ | 109¼ | -⅛ | 7.78 |
| BFCE 7 3/4 97 | 150 | 101½ | 102¼ | | 7.35 |
| BNP 8 5/8 94 | 300 | 105⅛ | 105¼ | +⅛ | 6.11 |
| BRITISH GAS 8 3/8 99 | 350 | 102⅞ | 103¼ | -⅛ | 7.84 |
| CANADA 9 96 | 1000 | 107 | 107¼ | -⅛ | 6.92 |
| CARCO 9 1/4 96 | 650 | 101⅜ | 102⅛ | -⅛ | 8.73 |
| CCCE 9 1/4 95 | 300 | 107 | 107½ | -⅛ | 6.98 |
| COUNCIL EUROPE 8 96 | 100 | 102⅞ | 103¼ | -⅛ | 7.26 |
| CREDIT FONCIER 9 1/2 99 | 300 | 109⅜ | 109⅝ | -⅛ | 7.70 |
| DENMARK 8 1/4 94 | 150 | 104⅛ | 104½ | -⅛ | 6.34 |
| DENMARK 9 1/4 95 | 1571 | 107 | 107¼ | -⅛ | 6.62 |
| ECSC 8 1/4 96 | 193 | 103¾ | 104¼ | -⅛ | 7.27 |
| EEC 8 1/4 96 | 100 | 103¾ | 104⅛ | -⅛ | 7.18 |
| EIB 7 3/4 96 | 250 | 102⅞ | 103 | -⅛ | 7.04 |
| EIB 9 1/4 97 | 1000 | 107⅝ | 108 | -⅛ | 7.53 |
| ELEC DE FRANCE 9 98 | 200 | 106⅛ | 106⅜ | -⅛ | 7.64 |
| EURO CRED CARD TST 9 94 | 325 | 103⅞ | 104⅛ | -⅛ | 7.43 |
| EUROFIMA 9 1/4 96 | 100 | 106⅝ | 107⅛ | -⅛ | 7.28 |
| EXPORT DEV CORP 9 1/2 98 | 150 | 108⅝ | 109 | -⅛ | 7.74 |
| FINLAND 7 7/8 97 | 200 | 101⅜ | 101⅝ | -⅛ | 7.58 |
| FINNISH EXPORT 9 3/8 95 | 200 | 106⅞ | 107¼ | -⅛ | 7.17 |
| FORD CAPITAL 9 3/4 97 | 250 | 105⅝ | 106⅛ | | 8.36 |
| GEN ELEC CAPITAL 9 3/8 96 | 300 | 107⅛ | 107⅜ | -⅛ | 7.34 |
| GMAC 9 1/8 96 | 200 | 103⅞ | 104⅛ | | 7.96 |
| GUINNESS FINANCE 8 94 | 200 | 103¼ | 103⅝ | | 6.49 |
| IBM INTL FIN 7 3/4 94 | 200 | 103 | 103⅜ | | 6.17 |
| IND BK JAPAN FIN 7 7/8 97 | 200 | 101⅛ | 101½ | -⅛ | 7.59 |
| INTER AMER DEV 7 5/8 96 | 200 | 101⅞ | 102⅛ | -⅛ | 7.14 |
| ITALY 8 1/2 94 | 1500 | 105½ | 105⅝ | +⅛ | 6.14 |
| JAPAN DEV BK 8 96 | 150 | 103⅝ | 104⅛ | -⅛ | 6.16 |
| KANSAI ELEC PWR 10 96 | 350 | 109⅜ | 109⅞ | -⅛ | 7.42 |
| LTCB FIN 8 97 | 200 | 100⅞ | 100⅞ | | 7.86 |
| NEW ZEALAND 9 94 | 850 | 105⅜ | 105⅜ | | 6.54 |
| NIPPON CRED BK 10 3/8 95 | 150 | 108 | 108⅜ | -⅛ | 7.94 |
| NIPPON TEL & TEL 9 3/8 95 | 200 | 106⅞ | 107⅛ | -⅛ | 6.74 |
| ONTARIO 8 1/2 01 | 600 | 101⅞ | 102 | -⅛ | 8.23 |
| ONTARIO HYDRO 11 5/8 94 | 200 | 109 | 109⅜ | -⅛ | 6.45 |
| OSTER KONTROLLBANK 8 1/2 01 | 200 | 103⅜ | 104⅛ | -⅛ | 7.88 |
| PETRO-CANADA 7 1/4 96 | 300 | 100⅜ | 101 | | 7.17 |
| QUEBEC HYDRO 9 3/4 98 | 150 | 107⅞ | 108⅜ | -⅛ | 8.13 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAYERISCHE VEREINS INT 7 94 LFr | 600 | 96 | 95 | | [illegible] |
| COPENHAGEN TEL 8 5/8 96 LFr | 600 | 98¾ | 99¼ | | 9.17 |
| WORLD BANK 8 96 LFr | 1000 | 96¼ | 97¼ | | 8.97 |
| ENERGIE BEHEER 8 3/4 98 Fl | 500 | 103¼ | 103½ | | 8.09 |
| UNILEVER 9 00 Fl | 300 | 105⅛ | 105⅝ | | 8.12 |
| ALBERTA PROVINCE 10 5/8 96 C$ | 500 | 101¼ | 103⅛ | -⅛ | 9.50 |

| YEN STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| AUSTRIA 4 3/4 94 | 30000 | 99⅛ | 99⅜ | | 5.25 |
| CREDIT FONCIER 5 1/4 94 | 20000 | 99⅝ | 99⅞ | | 5.49 |
| DENMARK 7 95 | 40000 | 104⅛ | 104⅜ | | 5.32 |
| EIB 4 5/8 94 | 40000 | 99⅜ | 99⅝ | | 4.98 |
| ELEC DE FRANCE 5 5/8 96 | 20000 | 100¼ | 100½ | | 5.55 |
| FINLAND 6 3/4 96 | 50000 | 103⅝ | 103⅞ | | 5.79 |
| INTER AMER DEV 7 1/4 00 | 30000 | 109¼ | 109½ | | 5.79 |
| KANSAI ELEC PWR 4 5/8 94 | 60000 | 98⅝ | 98⅞ | | 5.57 |
| NIPPON TEL & TEL 5 7/8 96 | 50000 | 101⅛ | 101⅜ | | 5.45 |
| NORWAY 5 1/8 95 | 50000 | 99½ | 99¾ | | 5.30 |
| SNCF 6 3/4 00 | 30000 | 106⅝ | 106⅞ | | 5.69 |
| SWEDEN 5 5/8 95 | 20000 | 100⅝ | 101 | | 5.45 |
| WORLD BANK 6 3/4 00 | 50000 | 107¼ | 107½ | +⅛ | 5.60 |

| CONVERTIBLE BONDS | Issued | Conv. price | Bid | Offer | Prem. |
|---|---|---|---|---|---|
| HANLEY AIR PREF | 400 | 19.1 | 95¼ | 98⅛ | |
| HILLSDOWN 4 1/2 02 £ | 150 | 3.97 | 117⅝ | 118⅜ | |
| LAND SECS 6 3/4 02 £ | 84 | 6.72 | 80⅝ | 81⅜ | +27.89 |
| LASMO 7 3/4 05 £ | 90 | 3.64 | 76 | 77¼ | |
| MITSUI BANK 2 5/8 03 | 200 | 2337¼ | 63⅝ | 65½ | +21.80 |
| MOUNT ISA FIN 6 1/2 97 | 100 | 2.283 | 95⅛ | 96⅛ | +13.29 |
| OGDEN 6 02 | 85 | 39.077 | 82⅝ | 83⅛ | +43.88 |
| SEGA ENTERPRISES 3 1/2 96 | 200 | 13018 | 103 | 104 | +3.74 |
| SMITH & NEPHEW 4 02 £ | 90 | 1.775 | 121½ | 122⅛ | +52.41 |
| SUMITOMO BANK 3 1/8 04 | 300 | 3606.9 | 64 | 65 | +34.50 |
| TEXAS INSTRUMENTS 2 3/4 02 | 300 | 62⅝ | 90⅝ | 91⅝ | |
| THORN EMI 5 3/4 04 £ | 103 | 7.45 | 122⅛ | 123⅜ | +15.87 |

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Daiwa lifts loss forecast over disputes

By Stefan Wagstyl in Tokyo

DAIWA SECURITIES, the Japanese securities company involved in a growing scandal over the manipulation by brokers of clients' investment accounts, has increased its estimate of its likely losses from the practice.

Daiwa said it would lose around Y73.5bn, instead of Y72bn as originally thought, from the settlement of five disputes with clients. The group expects to lose about Y13bn from two further disputes which are still unsettled.

Daiwa has left unchanged its forecast net loss for the year to the end of March which will total Y43bn.

The disputes involve the practice of tobashi in which loss-making securities are transferred from one client account to another to help clients avoid reporting losses at book-closing dates.

While other brokers have also disclosed losses, Daiwa's are the largest so far revealed. Mr Masahiro Dozen, the president of Daiwa, has resigned and two other senior officials intend to quit at the end of this month. They are Mr Yuzuru Ishida, the vice-president, and Mr Motohiro Iyo, a director. Mr Dozen has been succeeded by Mr Motoo Esaka, a former vice-president.

Daiwa's biggest dispute was with Tokyu Department Store, a leading retail chain, which will receive Y49.5bn in compensation. Two senior Tokyu officials are also resigning. Tobashi is not illegal but it is discouraged by the authorities.

● Japan Bond Research Institute (JBRI) is reviewing its ratings for possible downgradings of the long-term debt of 12 Japanese securities firms and its commercial paper ratings of 13 Japanese securities firms, *AP-DJ reports from Tokyo.*

JBRI is reviewing its long-term ratings of: Daiwa Securities, Yamaichi Securities, Nikko Securities, Nomura Securities, Sanyo Securities, New Japan Securities, Kankaku Securities, Wako Securities, Okasan Securities, Cosmo Securities, Dai-Ichi Securities, and Kokusai Securities. Except for Kankaku, JBRI is reviewing its commercial paper ratings of all the above plus Universal Securities and Mito Securities.

"Because the environment of the securities markets hasn't improved since last fall it is expected that these firms will be unable to avoid a worsening of their earnings. Moreover, it is our judgment that problems that have resulted from questionable trading practices in the management of funds from corporate customers could possibly have a big influence on the management of securities firms in the mid-term."

# Singapore bank invests in Hong Kong

By Simon Holberton in Hong Kong

DEVELOPMENT Bank of Singapore said yesterday it had paid HK$380.7m (US$49.4m) for a 10 per cent interest in Wing Lung Bank, a conservatively managed, family controlled local bank in Hong Kong.

The price Development Bank paid, HK$51 a share, was HK$3 lower than the bank's closing price of HK$54 yesterday.

A joint statement said Development Bank had bought its interest from members of the Wu family. This family has controlled the bank since the 1930s and, prior to the transaction, was estimated to control 75 per cent of the company's shares in issue.

Development Bank is listed on the Singapore Stock Exchange, although it is controlled by the Singapore government.

# Bulgaria plans rationalisation of bank system

BULGARIA is to form a bank consolidation company to privatise banking and merge scores of small banks into a core of a dozen or fewer large establishments, *Reuter reports.*

Officials of the new Bulgarian Bank Consolidation Company (BCC) said rationalising the system was essential for economic reforms to succeed.

"Currently, shares of state-owned firms are part of the holdings of 78 small banks dispersed throughout the country. They have to be merged into eight to 12 banks," BCC said, adding all these banks, with small authorised capital and no experience in free market economics, were trying to struggle on with outdated socialist methods. The privatisation is expected to take three years.

## INTERNATIONAL CAPITAL MARKETS

# A fragile banking system takes root

**Leyla Boulton examines Russian efforts to strengthen the domestic credit system in the face of inflation and political and economic instability**

For the casual visitor to Moscow, a proliferation of commercial banks would appear the most tangible sign that a market economy is taking root in Russia. With names such as "Credobank" to inspire confidence, they promise big returns on investment and aspire to respectability with support for charity and the arts.

But after 74 years of socialism under which, as one central banker put it, "money was not money and credit was not credit", emerging commercial banks have a long way to go before they can provide the same sort of service as their western counterparts.

The domestic credit system is in a mess. "Our commercial banks are not capable of extending a loan with a maturity of more than 12 months," said Mr Dimitry Tulin, deputy chairman of the Russian central bank. "Inflationary expectations are very high and there is political and economic instability. Without investment credit, the economy cannot really exist."

Domestic lending to enterprises comes mainly from state-owned commercial banks. These banks' assets are likely to deteriorate over time, since their loans were more like state subsidies than commercial advances. Their problems are compounded by the fact that many of the banks are heavily exposed to a single borrower, whom they were set up to serve exclusively.

This leaves the state the choice of allowing the enterprises to go bust or continuing to support the banks.

The other category of commercial banks in Russia – the emerging private institutions – prefer to lend their money to other banks, lucrative joint ventures with foreign capital, or new-style commodity exchanges, rather than make long-term commitments to future industrial production. To get round this problem, Mr Alexander Titkin, the industry minister, said the government would soon offer tax incentives for commercial institutions to invest in industry.

Russian officials would also like to see the direct involvement of foreign banks in the Russian banking market. Although most banks have long had representative offices in Moscow, only one so far, France's Crédit Lyonnais, which had branches in Moscow and St Petersburg before the 1917 Revolution, has established a banking subsidiary in Russia. Another bank, International Moscow Bank, is a joint venture with 40 per cent foreign capital, established a year ago.

Generally, foreign banks are staying well clear, scared off in part by the recent crash of Vnesheconombank, the state bank responsible for servicing the former USSR's foreign debt of more than $60bn. But they do not appear to have written the country off altogether.

The efforts to build a banking system, though, are being hindered in part by a lack of adequate banking supervision. Mr Tulin said: "We don't even believe in our ability to supervise properly. We are pretty sure we wouldn't be ready to read a balance sheet even in our headquarters.

"We desperately need qualified people," he added.

One of the few people in Russia with some of the right qualifications is Mr Nikolai Domanov, the 32-year-old chief of the Russian central bank's supervisory department, who spent half of last year being trained at central banks abroad. He wants to present to parliament a special law on banking supervision, giving the central bank the unquestioned authority to lay down the rules.

Mr Domanov has begun talks with the International Monetary Fund and the World Bank on help in drafting new rules for the Russian banking system, including measures to protect depositors. He also plans to introduce western accounting standards so that the accounts of Russian banks are closer to reflecting the true value of assets.

One focus for many of the efforts to strengthen the Russian commercial banking system is the planned Development and Project Finance Bank (DPFB) in Moscow, to be financed jointly by Russian commercial banks and international organisations such as the World Bank. Organisers of the project, based at the headquarters of the now-defunct Soviet central bank, are also hoping to attract shareholders among western banks.

The aim of the DPFB, expected to start up in the first quarter of next year, is to spread skills on risk-assessment, collateral and market analysis, and to act as a catalyst for the provision of domestic project-finance funds. The Development and Project Finance Bank could provide a half-way house for western banks cautious about investing in Russia, but which would like a safe foothold in the market just in case it takes off.

Another role will be to act as a conduit for the distribution of development funds from the World Bank and other shareholders which are expected to include the European Bank for Reconstruction and Development and the European Commission.

Mr Sergei Konychev, the Russian banker who thought up the idea for the DPFB and is helping to organise it, said the bank would require an initial capital of $100m and a few billion roubles (the exact figure is difficult to predict because of uncertainties about what the rouble will be worth next year). Ten Russian commercial banks have agreed to provide the rouble funds for the bank and may be persuaded to become shareholders.

# Talks on EC share trading rules delayed

PLANS for top-level talks next week over the European Community's long-delayed Investment Services Directive have been called off, agencies report.

Portugal, the current European Community president, said it was postponing the talks because: "We are not in a position to form a compromise proposal that could be accepted by everybody."

Portugal's finance minister, Mr Jorge Braga de Macedo, had hoped closed-door discussions earlier this week with Britain, France and Germany would break months of deadlock. But diplomats said there had been no shift in positions.

As a result, ministerial debate on common EC share trading rules is likely to be delayed until after UK elections which may oust the ruling Conservative government, a protagonist in the feuding on the proposed rules.

# Japanese bank launches Y100bn convertible deal

By Tracy Corrigan

MITSUI TAIYO Kobe Bank, the Japanese bank, has launched an unusual offering of exchangeable preferred stock which will boost the bank's tier one capital above the 4 per cent level recommended under Basle guidelines. The deal is believed to have been looked on favourably by the Japanese Ministry of Finance.

The Y100bn deal, arranged by Goldman Sachs, is one of only a handful of yen-denominated convertible deals for Japanese borrowers to be offered in the Euromarket, and the first such deal to be arranged by a US bank. Nomura is acting as joint lead manager.

The structure of the deal was designed to attract managers of convertible funds in Europe, by offering a higher coupon in conjunction with a higher premium. The paper pays a fixed dividend of 6¾ per cent semi-annually, and the exchange price will be set on March 19 at a premium of 15 per cent above the closing share price. For stock which has not already been exchanged, there is mandatory redemption in exchange for shares on June 30, 1995. If the share price has fallen, the number of shares will increase correspondingly, although there is a limit on the number of new shares.

Traditionally, Japanese banks have issued yen-denominated convertible bonds in the Japanese domestic market and dollar or Swiss-franc denominated bonds in the Eurobond market, all with fairly low coupons and priced at a low premium.

However, the poor performance of the Japanese stock market has caused these sources of funds to dry up in recent years. Japanese banks have found it increasingly hard to raise equity-linked debt, after being spoilt for cheap funding in the early and mid-1980s.

The deal met firm demand from fund managers, particularly funds which stress income and traded well above its par issue price to close at 103 bid.

Despite the success of the transaction, it may not prompt heavy supply of such paper. The structure was specially designed to allow the bank to use the proceeds as tier one capital and although it might be applicable in other cases, there would not be automatic clearance of the necessary regulatory hurdles.

The paper was issued through a vehicle company called Sakura Holdings, a wholly owned subsidiary of Mitsui Taiyo Kobe. The bank will shortly change its name to Sakura Bank, or Cherry Blossom Bank.

# Lonrho debt rating below investment grade

THE LONG-TERM debt of Lonrho, the international trading group, was yesterday accorded a rating three notches below investment grade by Moody's, the US rating agency, writes Richard Waters.

The unsolicited rating of Ba3, which Lonrho said had been produced without its co-operation, applies to approximately $360m of Eurobonds issued by Lonrho Finance and Lonrho International Finance.

Moody's explained its rating by pointing to the group's "heavy use of debt, its relatively low cash-flow generating capabilities and the likely increased volatility of its future operating cash-flow and earnings."

Mr Paul Spicer, a Lonrho director, said Moody's rating betrayed a lack of understanding of the group's business, adding: "We have already set ourselves the task of reducing our gearing, if that is what they are getting at." Lonrho recently surprised the market with poor results for 1991.

# Poor conditions drive away investors

**INTERNATIONAL BONDS**

SENTIMENT in the Eurobond market worsened yesterday as investors were driven away by poor conditions in most government bond markets, writes Tracy Corrigan.

Most of the new issues launched were either aimed at groups of investors or were added to outstanding issues.

In the first category, The European Coal and Steel Community launched a L500bn five-year deal which was placed with Italian investors, for whom the agency's paper is exempt from withholding tax.

Among several fungible deals, the financial arm of General Electric of the US added C$150m of five-year bonds to an existing C$150m deal, via Wood Gundy. The deal was priced to yield 30 basis points above the comparable Canadian government bond, which was not considered particularly generous, even though it offered a 16 basis point yield pick-up over the outstanding deal.

Crédit Foncier, the French agency, added FFr500m of 10-year bonds to an outstanding FFr3bn deal, via a block-trade by Crédit Commercial de France.

● East Japan Railway Company (JR East) is expected to tap the Euroyen market in April with a Y20bn deal, via Yamaichi International.

**NEW INTERNATIONAL BOND ISSUES**

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **D-MARKS** | | | | | | |
| Asik-Cger Ifico.(c)†† | 100 | (c) | 100 | 2007 | 48/25bp | Trinkaus und Burkhardt |
| **YEN** | | | | | | |
| Denki Kagaku KK.(a)† | 20bn | 5.70 | 101⅛ | 1995 | 1⅛/¼ | Nikko Europe |
| Denki Kagaku KK.(a)† | 20bn | 5.75 | 101.60 | 1997 | 1⅞/1½ | Nikko Europe |
| **SWISS FRANCS** | | | | | | |
| Hokuriku Electric Inds.(a)★★† | 85 | 7½ | 99⅞ | 1997 | - | Bank of Tokyo (Switz) |
| **CANADIAN DOLLARS** | | | | | | |
| GECC.(d)† | 150 | 9 | 100.865 | 1997 | 1⅞/1⅝ | Wood Gundy |
| **AUSTRALIAN DOLLARS** | | | | | | |
| St.Elec.Comm.of Victoria(a)† | 100 | 11 | 102.646 | 2002 | 2⅛/1½ | Merrill Lynch Int. |
| **LIRE** | | | | | | |
| The Euro.Coal & St.Comm.(a)† | 500bn | 10.3 | 101.E | 1997 | 1¾/1⅛ | BNL |
| **FRENCH FRANCS** | | | | | | |
| Credit Foncier.(e)† | 500 | 8⅝ | 98.14 | 2002 | - | CCF |
| **IRISH PUNT** | | | | | | |
| Kredietbank Intl. Fin.(b)† | 40 | 9½ | 100⅞ | 1994 | 1⅛/¼ | Kredietbank Intl.Grp. |

★★Private placement. §Convertible. #With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Amount increased from 25m. Non-callable c) Coupon pays 37.5bp over 6month Libor. The deal is redeemed in DM20m increments in years 11-15. Non-callable. d) Fungible with existing C$150m bond. Non-callable. e) Fungible with existing FFr3bn. Non-callable.

# CBOT to acquire broker

THE CHICAGO Board of Trade (CBOT), the world's largest futures exchange, said its Ceres Trading Limited Partnership had signed a letter of intent to acquire EJV Brokerage, an electronic interdealer broker of US government securities, writes Barbara Durr.

The acquisition would give CBOT members direct access to the cash market for US government securities for the first time.

EJV Brokerage is a wholly owned subsidiary of EJV Partners, a joint venture among affiliates of the leading primary dealers – Citibank, First Boston, Goldman Sachs, Lehman Brothers, Morgan Stanley and Salomon Brothers. The CBOT, which lists the US Treasury bond futures, is general partner of Ceres Trading.

The EJV Brokerage, operational since last May, will permit CBOT members and member-firms to make bids and offers as well as accept bids and offers of primary dealers on the electronic system.

It has 170 terminals in place on 35 primary dealer trading desks in New York, Chicago and San Francisco. The network would be augmented with stations at locations selected by CBOT members.

Any profits would accrue to the Ceres Trading Partnership and thus to CBOT members, said Mr William O'Conner, CBOT chairman.

# Profits rise at Saudi bank

SAUDI International Bank (SIB), the London-based bank which is half-owned by the Saudi Arabian Monetary Authority, has announced a 24 per cent rise in pre-tax profits to £3.1m ($5.27m) for 1991 and net profits, after a £3m tax credit, to £6.1m.

Operating profits rose 87 per cent to £22.3m after record income of £48.1m, notably from strong Treasury earnings and increased fee income from fund management and advisory work, against a 3.8 per cent rise in expenses to £25.7m.

After agreement with the Inland Revenue over the bank's tax computations for the preceding five years, SIB was able for 1991 to release £3m of provisions against possible tax liabilities into the profit column.

The bank made a loan provision charge of £19.25m against loans in the US and Britain, reflecting the continued recession. This takes total provisions to £24.7m.

Mr Peter de Roos, chief executive, said SIB would see further profit growth in 1992 in its core fund management, corporate finance, trade and Treasury activities.

The bank's assets grew by over 8 per cent to £2.4bn, 78 per cent of which was in bank deposits and marketable securities, leaving SIB in excess of Bank for International Settlements risk asset ratios.

## LONDON MARKET STATISTICS

### FT-ACTUARIES SHARE INDICES

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thursday March 12 1992 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | xd adj. 1992 to date | Wed Mar 11 Index No. | Tue Mar 10 Index No. | Mon Mar 9 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (178) | 793.43 | -0.5 | 8.02 | 6.02 | 16.22 | 2.55 | 797.20 | 814.30 | 804.24 | 888.22 |
| 2 | Building Materials (23) | 959.64 | -1.5 | 7.25 | 6.48 | 18.59 | 0.99 | 974.31 | 1005.26 | 986.46 | 1167.75 |
| 3 | Contracting, Construction (28) | 882.25 | -1.0 | 8.78 | 8.27 | 16.48 | 2.12 | 891.45 | 915.52 | 911.60 | 1433.13 |
| 4 | Electricals (7) | 2475.25 | -1.2 | 8.42 | 6.06 | 15.63 | 1.47 | 2506.23 | 2566.42 | 2521.53 | 2422.22 |
| 5 | Electronics (26) | 1820.75 | -1.5 | 9.95 | 4.71 | 12.73 | 2.20 | 1849.23 | 1883.66 | 1880.73 | 1946.29 |
| 6 | Engineering-Aerospace (8) | 342.68 | -1.8 | 9.88 | 7.58 | 13.17 | 9.52 | 349.03 | 357.61 | 350.07 | 442.69 |
| 7 | Engineering-General (43) | 498.03 | -0.8 | 9.20 | 4.74 | 13.46 | 1.21 | 501.95 | 506.41 | 501.64 | 467.46 |
| 8 | Metals and Metal Forming (10) | 330.46 | -0.2 | 2.10 | 10.36 | - | 0.00 | 330.98 | 337.57 | 329.07 | 499.41 |
| 9 | Motors (14) | 320.16 | -0.9 | 7.27 | 7.43 | 18.85 | 2.90 | 323.15 | 326.26 | 319.91 | 360.54 |
| 10 | Other Industrial Materials (19) | 1582.48 | +1.4 | 7.52 | 5.24 | 16.22 | 1.08 | 1561.31 | 1596.21 | 1578.64 | 1555.26 |
| 21 | CONSUMER GROUP (187) | 1639.80 | -1.2 | 7.30 | 3.42 | 16.79 | 5.83 | 1659.61 | 1688.40 | 1671.84 | 1435.95 |
| 22 | Brewers and Distillers (23) | 2059.98 | -2.2 | 7.78 | 3.44 | 15.49 | 7.92 | 2105.42 | 2168.05 | 2121.80 | 1816.09 |
| 25 | Food Manufacturing (18) | 1267.22 | -0.3 | 8.68 | 4.11 | 14.30 | 5.59 | 1270.93 | 1279.42 | 1278.28 | 1177.20 |
| 26 | Food Retailing (17) | 2605.71 | -1.7 | 8.47 | 3.18 | 15.35 | 4.06 | 2651.18 | 2672.25 | 2664.50 | 2659.11 |
| 27 | Health and Household (24) | 4205.11 | -0.4 | 6.40 | 2.48 | 17.73 | 19.73 | 4219.99 | 4287.03 | 4256.50 | 3036.02 |
| 29 | Hotels and Leisure (22) | 1292.74 | -2.5 | 7.00 | 5.26 | 18.18 | 8.54 | 1326.03 | 1347.99 | 1326.42 | 1599.64 |
| 30 | Media (24) | 1534.93 | -0.8 | 6.37 | 3.57 | 19.76 | 2.97 | 1547.27 | 1566.05 | 1559.56 | 1462.78 |
| 31 | Packaging, Paper & Printing (17) | 756.31 | -1.5 | 6.94 | 4.43 | 17.21 | 0.31 | 768.06 | 774.13 | 770.66 | 660.03 |
| 34 | Stores (32) | 1037.75 | -1.3 | 7.13 | 3.48 | 18.59 | 1.91 | 1051.20 | 1076.66 | 1064.91 | 925.05 |
| 35 | Textiles (10) | 654.44 | -2.3 | 7.01 | 4.75 | 18.20 | 2.69 | 669.82 | 681.56 | 662.61 | 536.39 |
| 40 | OTHER GROUPS (117) | 1202.67 | -1.7 | 9.94 | 5.50 | 12.68 | 8.87 | 1223.13 | 1241.95 | 1234.84 | 1228.36 |
| 41 | Business Services (16) | 1359.26 | -2.0 | 6.77 | 4.75 | 18.79 | 0.27 | 1386.79 | 1407.12 | 1399.42 | 1208.71 |
| 42 | Chemicals (22) | 1457.25 | -1.7 | 7.20 | 5.02 | 17.00 | 20.02 | 1482.67 | 1500.19 | 1499.57 | 1245.00 |
| 43 | Conglomerates (11) | 1343.17 | -0.7 | 10.62 | 7.53 | 11.50 | 3.18 | 1352.59 | 1381.88 | 1363.91 | 1626.42 |
| 44 | Transport (14) | 2378.57 | -1.5 | 5.34 | 4.76 | 24.75 | 2.93 | 2414.72 | 2445.28 | 2421.17 | 2219.33 |
| 45 | Electricity (16) | 1167.13 | -2.3 | 15.05 | 6.37 | 8.66 | 17.21 | 1194.72 | 1214.26 | 1222.29 | 1131.24 |
| 46 | Telephone Networks(4) | 1385.19 | -1.5 | 11.32 | 4.53 | 11.54 | 16.02 | 1406.15 | 1426.95 | 1416.55 | 1381.18 |
| 47 | Water(10) | 2311.56 | -2.9 | 18.45 | 6.88 | 5.97 | 0.00 | 2380.35 | 2460.11 | 2440.62 | 2502.36 |
| 48 | Miscellaneous (24) | 1789.16 | -1.7 | 5.73 | 5.49 | 23.85 | 1.26 | 1819.92 | 1833.05 | 1815.66 | 1897.96 |
| 49 | INDUSTRIAL GROUP (482) | 1287.94 | -1.2 | 8.24 | 4.53 | 15.18 | 6.01 | 1303.76 | 1326.54 | 1314.60 | 1235.05 |
| 51 | Oil & Gas (18) | 1997.49 | -0.9 | 9.53 | 7.11 | 13.85 | 36.07 | 2016.11 | 2056.00 | 2040.79 | 2397.23 |
| 59 | 500 SHARE INDEX (500) | 1355.24 | -1.2 | 8.37 | 4.79 | 15.03 | 8.20 | 1371.48 | 1395.76 | 1383.43 | 1333.75 |
| 61 | FINANCIAL GROUP (86) | 699.14 | -1.2 | - | 6.56 | - | 9.78 | 707.72 | 727.46 | 720.32 | 857.11 |
| 62 | Banks (9) | 865.10 | -1.4 | 4.70 | 6.31 | 45.89 | 21.90 | 877.73 | 906.80 | 893.56 | 950.35 |
| 65 | Insurance (Life) (6) | 1423.12 | -0.6 | - | 6.05 | - | 0.00 | 1432.34 | 1471.34 | 1449.21 | 1573.00 |
| 66 | Insurance (Composite) (7) | 461.79 | -1.2 | - | 8.27 | - | 3.67 | 467.19 | 480.39 | 479.96 | 724.02 |
| 67 | Insurance (Brokers) (10) | 983.07 | +0.5 | 8.02 | 6.80 | 16.32 | 12.58 | 978.02 | 993.53 | 987.22 | 1136.05 |
| 68 | Merchant Banks (7) | 453.54 | -2.3 | - | 4.57 | - | 2.26 | 464.23 | 468.09 | 463.12 | 447.25 |
| 69 | Property (33) | 695.56 | -1.3 | 8.27 | 6.53 | 16.55 | 0.93 | 704.82 | 725.16 | 721.09 | 1074.27 |
| 70 | Other Financial (14) | 240.53 | -1.2 | 8.38 | 7.26 | 15.69 | 1.38 | 243.42 | 244.84 | 245.17 | 295.14 |
| 71 | Investment Trusts (68) | 1170.50 | -0.7 | - | 3.78 | - | 7.30 | 1178.79 | 1190.12 | 1182.01 | 1214.21 |
| 99 | ALL-SHARE INDEX (654) | 1199.62 | -1.2 | - | 4.97 | - | 8.36 | 1213.87 | 1236.54 | 1225.54 | 1216.23 |

| | Index No | Day's Change | Day's High (a) | Day's Low (b) | Mar 11 | Mar 10 | Mar 9 | Mar 6 | Mar 5 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX♦ | 2493.3 | -29.1 | 2517.0 | 2491.1 | 2522.4 | 2574.8 | 2550.7 | 2533.1 | 2538.3 | 2500.6 |

### FIXED INTEREST

| | PRICE INDICES | Thu Mar 12 | Day's change % | Wed Mar 11 | Accrued interest | xd adj. 1992 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (27) | 121.60 | -0.19 | 121.83 | 2.03 | 2.13 |
| 2 | 5-15 years (25) | 133.93 | -0.21 | 134.64 | 1.69 | 3.54 |
| 3 | Over 15 years (9) | 143.12 | -0.18 | 143.38 | 1.32 | 2.78 |
| 4 | Irredeemables (6) | 159.69 | -0.02 | 159.73 | 2.63 | 1.50 |
| 5 | All stocks (67) | 132.47 | -0.20 | 132.95 | 1.82 | 3.00 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (2) | 170.19 | -0.06 | 170.29 | 0.27 | 1.37 |
| 7 | Over 5 years (9) | 146.57 | -0.49 | 147.29 | 0.50 | 1.20 |
| 8 | All stocks (11) | 148.69 | -0.42 | 149.32 | 0.47 | 1.21 |
| 9 | Debs & Loans (62) | 116.77 | -0.01 | 116.78 | 2.18 | 2.39 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thu Mar 12 | Wed Mar 11 | Year ago (approx.) |
|---|---|---|---|---|---|
| | **British Government** | | | | |
| 1 | Low | 5 years | 9.10 | 8.98 | 9.41 |
| 2 | Coupons | 15 years | 9.43 | 9.42 | 9.79 |
| 3 | (0%-7¾%) | 20 years | 9.43 | 9.42 | 9.98 |
| 4 | Medium | 5 years | 9.77 | 9.69 | 10.26 |
| 5 | Coupons | 15 years | 9.54 | 9.52 | 10.22 |
| 6 | (8%-10¾%) | 20 years | 9.49 | 9.47 | 10.19 |
| 7 | High | 5 years | 10.00 | 9.92 | 10.39 |
| 8 | Coupons | 15 years | 9.66 | 9.65 | 10.38 |
| 9 | (11%-) | 20 years | 9.58 | 9.57 | 10.37 |
| 10 | Irredeemables | | 9.62 | 9.61 | 10.15 |
| | **Index-Linked** | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 3.63 | 3.60 | 3.72 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.44 | 4.40 | 4.20 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 2.99 | 2.96 | 2.34 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.26 | 4.23 | 4.02 |
| 15 | Debs & | 5 years | 11.02 | 10.97 | 11.86 |
| 16 | Loans | 15 years | 10.78 | 10.77 | 11.62 |
| 17 | | 25 years | 10.62 | 10.62 | 11.41 |

♦Opening index 2516.9; 9 am 2512.0; 10 am 2492.1; 11 am 2496.1; Noon 2499.0; 1 pm 2497.8; 2 pm 2499.8; 2.30 pm 2501.5; 3 pm 2503.1; 4.10 pm 2493.6; (a) 8.31am (b) 10.46am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel 071-925 2323.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 3 | 74 | 3 |
| Other Fixed Interest | 4 | 6 | 7 |
| Commercial, Industrial | 84 | 539 | 852 |
| Financial & Property | 46 | 279 | 466 |
| Oil & Gas | 7 | 29 | 53 |
| Plantations | 0 | 0 | 9 |
| Mines | 17 | 29 | 102 |
| Others | 12 | 72 | 49 |
| Totals | 173 | 1,028 | 1,541 |

### LONDON RECENT ISSUES

**EQUITIES**

| Issue Price | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price | +or- | Net Div. | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**FIXED INTEREST STOCKS**

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price £ | +or- |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**RIGHTS OFFERS**

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price p | +or- |
|---|---|---|---|---|---|---|---|
| 410 | Nil | 22/4 | 115pm | 52pm | Beazer 10p | 108pm | -7 |
| 212 | Nil | 27/3 | 37pm | 26pm | British Vita | 26½pm | -2 |
| 27 | Nil | 27/3 | ¾pm | ¼pm | Caldwell Invs. 10p | ½pm | |
| 415 | Nil | 20/3 | 80pm | 40pm | ECC | 52pm | -7 |
| 8 | Nil | 26/3 | 4pm | 1½pm | Maddox 5p | 2pm | -1½ |
| 95 | Nil | 16/4 | 11pm | 6pm | Parker Industries 10p | 9½pm | -1½ |
| 4 | Nil | 3/4 | ¾pm | ¼pm | West Trust | ¼pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. ¶ Forecast or estimated annualised dividend rate, cover based on previous year's earnings. ¥ Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

### TRADITIONAL OPTIONS

- First Dealings March 2
- Last Dealings March 13
- Last Declarations June 11
- For settlement June 22

3-month call rate indications are shown on this page.

Calls in Amstrad, Conroy Petrlm., Evered Bardon, Premier Cons., Racal Elects., Ratners and Thames Water. Put in British Telecom New partly-paid shares.

### LONDON TRADED OPTIONS

| Option | | Calls | | | Puts | | |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Unilever (*934) | 900 | 48 | 64 | 94 | 11½ | 23½ | 28½ |
| | 950 | 16 | 41½ | 64 | 35 | 43½ | 49½ |
| Ultramar (*245) | 240 | 4½ | - | - | 25½ | - | - |
| | 280 | 1½ | 5½ | - | 42½ | - | - |
| Option | | May | Aug | Nov | May | Aug | Nov |
| Brit Aero (*322) | 300 | 32 | 44½ | 50½ | 10 | 14½ | 21½ |
| | 330 | 17 | 27 | 33½ | 21½ | 28½ | 33½ |
| Glaxo (*782) | 750 | 37½ | 79½ | 101 | 4½ | 30½ | 43½ |
| | 800 | 8 | 53½ | 73½ | 25½ | 50½ | 70½ |
| Hillsdown (*171) | 160 | 11 | 16 | 19½ | 2 | 9 | 12 |
| | 177 | 2 | - | - | 8½ | - | - |
| Lonrho (*114) | 110 | 6 | 16½ | 20 | 2½ | 9 | 12½ |
| | 120 | 2½ | 11½ | 14½ | 7 | 14½ | 18 |

March 12 Total Contracts 27,710
Calls 15,530 Puts 12,180
FT-SE Index Calls 8,287 Puts 5,600
Euro FT-SE Calls 1,587 Puts 1,651
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

### TRADITIONAL OPTION 3-month call rates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **INDUSTRIALS** | p | Charter Cons. | 40 | Ladbroke | 17 | Sears | 7½ | **OILS** | |
| Allied-Lyons | 55 | Comm Union | 38 | Legal & Gen | 31 | SmKl Bchm A | 78 | Aviva Pet | 1¼ |
| Amstrad | 3 | Courtaulds | 39 | Lex Service | 18 | TI | 48 | BP | 22 |
| Astec (BSR) | 3 | Eurotunnel | 39 | Lloyds Bank | 31 | TSB | 10½ | Burmah Castrol | 40 |
| BAT Inds | 50 | FKI | 5½ | Lonrho | 20 | Tesco | 17 | Conroy Pet | 7½ |
| BOC | 48 | FNFC | 12 | Lucas Inds | 9 | Thorn EMI | 65 | Gaelic Res | ½ |
| BTR | 32 | Forte | 19 | Marks Spencer | 22 | T & N | 11 | Premier Cons | 3 |
| Barclays | 31 | GKN | 25 | Midland Bank | 19 | Unilever | 70 | Shell | 37 |
| Blue Circle | 22 | Gen Accident | 38 | NatWest Bank | 24 | Vickers | 14 | Tuskar Res | 1 |
| Boots | 33 | GEC | 15 | P & O Dfd | 34 | Wellcome | 75 | **MINES** | |
| Bowater | 55 | Glaxo | 70 | Racal Elect | 4½ | **PROPERTY** | | RTZ | 39 |
| Brit Aerospace | 27 | Grand Met | 78 | RHM | 18 | Brit Land | 21 | | |
| British Steel | 6 | GRE | 11 | Rank Org | 45 | Land Sec. | 38 | | |
| Brit Telecom | 24 | Hanson | 18 | Ratners | 5 | MEPC | 31 | | |
| Cadburys | 33 | ICI | 90 | Reed Intl | 40 | Mountleigh | 2½ | | |

# ABP plans general purpose port on Humber

By Andrew Bolger

ASSOCIATED British Ports Holdings will build a general purpose cargo port at Immingham on the Humber, following its recent cancellation of plans to build the UK's biggest coal terminal on the site.

ABP last month cancelled a £150m contract with PowerGen and National Power, the two privatised electricity generators, after PowerGen sought to postpone signing of the already delayed contract.

Sir Keith Stuart, chairman of ABP, said: "There are many other trades in Immingham which need further capacity. It is bursting at the seams – we could not delay matters any longer, pending decisions by these semi-privatised companies."

Sir Keith said the group would start building at Immingham this year and develop the riverside site over two to three years, although at less cost than the £45m which the port group would have contributed to the coal terminal.

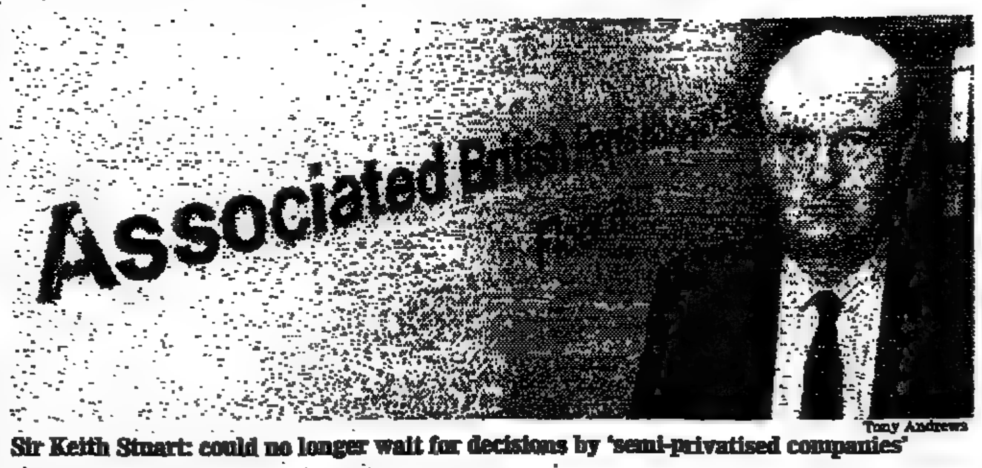
ABP, the UK's biggest ports group since privatisation in 1983, yesterday confirmed its January warnings that provisions on its property portfolio would wipe out profits in the second half of last year.

Pre-tax profits dropped from £60.2m to £31m in the year to December 31 following provisions of £29.7m against property development activities. Turnover rose from £211.3m to £310.3m, mainly because of the sale in June of Aldwych House, the group's largest development, for £75.2m.

Despite the recession, continuing growth of the group's ports and transport activities caused divisional profits to rise from £59.5m to £76.1m on turnover of £184.6m (£176.4). Tonnage handled at the ports increased from 101m to 106m.

Sir Keith said: "Our ports business has continued to perform well in the first months of 1992, although we do not expect any dramatic increase in activity until the current recession in the UK economy and elsewhere is reversed."

Net borrowings decreased by £63m to £332m at the year end, bringing gearing down from 63.8 per cent to to 54.5 per cent. The interest charge increased



Tony Andrews

Sir Keith Stuart: could no longer wait for decisions by 'semi-privatised companies'

to £36.6m (£9.2m), as the amount of interest capitalised in the year was cut from £35.8m to £12.8m.

Earnings per share fell from 22.5p to 12.4p. However, ABP said that because of the underlying strength of the company's position, it would pay a final dividend of 4.9p (4.5p), giving a total of 8p (7.25p).

**COMMENT**

Having bought Grosvenor Square Properties in 1987, ABP stood back and watched that sector go up like a rocket and down like a stick. It promises to avoid speculative property developments in future, although as these results show it will be living with the costs of that period for some time to come. It is, however, genuinely impressive to increase ports turnover in the depths of a recession. It is even more impressive to convert an £8.2m increase in turnover into a £16.6m rise in profits. ABP is still benefiting in efficiency terms from the abolition of the National Docks Labour Scheme in 1989. Full-year profits of £70m would put the shares, which closed down 11p yesterday at 348p, on a prospective multiple of 12.7. That does not seem demanding for a group which would benefit very quickly from any economic upturn.

# GAIT plans split to balance share price and net asset value

By Maggie Urry

GOVETT Atlantic Investment Trust, the shareholders of which have been pressing for reforms, is to split into three new funds. The proposals will be put to shareholders in a circular next month.

Some of GAIT's shareholders had demanded a special meeting to discuss ways of narrowing the gap between the share price, down 1½p to 199½p yesterday, and the net asset value, currently around 225p. GAIT directors have been discussing proposals with several shareholders and now the notice requisitioning the meeting has been withdrawn.

The plan would involve putting about £145m of the trust's £183m assets into a new unit trust tracking the US equity market to be called the Govett US Index Fund.

A minimum of £25m of GAIT's assets would form the basis of Govett American Smaller Companies Trust, a new limited life investment trust specialising in small- to medium-sized North American companies.

Shareholders would be able to elect to take different proportions of these two funds.

GAIT's unquoted and illiquid investments, worth £12.2m, would be transferred to Realisation Company, a new company which would sell the assets and then be liquidated. Shares in RC would be distributed pro rata to GAIT holders.

All three new funds would be managed by John Govett, which manages GAIT, although it would not charge a basic management fee for the RC, John Govett would be entitled to more than £2.1m of compensation for the ending of its contract to manage GAIT, but has agreed to take £1m.

GAIT represents about 10 per cent of the funds John Govett has under management.

# Abbott Mead dividend lifted 8%

By Angus Foster

ABBOTT MEAD Vickers, the advertising agency whose biggest clients include Volvo and Comet, yesterday announced a near 8 per cent annual dividend increase despite a slight fall in pre-tax profits.

Mr Peter Mead, chief executive, said: "We're very, very pleased with this performance in a difficult year." Existing client spending had fallen about 10 per cent, he said.

AMV reported taxable profits down 4 per cent to £5.02m for the year to December 31. The fall was due to tighter margins and start-up costs on new business inherited from last March's acquisition of BBDO, the London agency of BBDO Worldwide. Interest income on AMV's £6.3m cash balances also fell slightly to £778,000 (£901,000).

Turnover increased sharply to £158.9m (£129.7m), reflecting spending brought in with BBDO, whose clients include Pepsi, and £15.4m in new business.

Stripping out income from BBDO, underlying income from AMV and sister agency Leagas Delaney fell by about 9 per cent.

Only 30 of BBDO's 80 staff have been retained and £3m reorganisation costs were taken as goodwill. AMV has also frozen salaries throughout the group and no staff bonuses were paid last year.

The group has won £9m in new business so far this year, including the Ciga hotel account transferred from BBDO. It is pitching for a further £27m in new billings.

Earnings dipped to 22.09p (24.06p) per share. The directors are recommending a final dividend of 5.6p to make 8.4p (7.8p) for the year.

The shares added 2p to 395p.

**COMMENT**

AMV has managed to merge with BBDO without losing clients or staff morale, no mean feat in the advertising world. The benefits of the takeover should come through this year, even if the advertising industry remains depressed. If AMV generates margins of 10 per cent on BBDO's £30m billings, compared to its 20 per cent target for existing business, that could mean an extra £500,000 profit this year. There should also be gains from BBDO Worldwide's clients looking to spend in London. The City is already expecting this, and possibly more. Forecast pre-tax profits of between £5.5m and £6m put the shares on a prospective multiple of more than 15, which is not cheap. The premium rating is partly due to AMV's conservative acquisition policy, and partly because of turmoil among other agencies. Omnicom's 26 per cent stake in AMV also provides speculative appeal. But after more than doubling in value in the last year, the shares look ready for some consolidation, especially if political worries prompt advertisers to delay campaigns until the autumn.

## NEWS DIGEST

### Pochin's tumbles to £1.08m

POCHIN'S, the Cheshire-based civil engineer and building contractor, saw pre-tax profits in the six months to November 30 decline from £1.54m to £1.08m on turnover down from £23.3m to £14.2m.

Mr Nicholas Pochin, chairman, said the results were a reflection of the state of the industry. The recession persisted and until incentives were provided to bring back confidence, building and construction would remain stagnant. He added that profits continued to be supported by healthy investment income.

The interim dividend is held at 8p from earnings of 73.5p (96p) per share. Tax took £312,000 (£540,000).

### Return to dividend list by N Sea Assets

North Sea Assets is to pay its first dividend since 1985 with a proposed final payment of 0.75p on 1991 pre-tax profits 72 per cent ahead at £2.08m, against £1.21m.

Mr Philip Parker, chief executive, said that the company's businesses, which supply services to the offshore oil and gas industry, had made considerable progress.

During the year the company withdrew from shipping, which was making losses. In November the ship management activities and five of its six ships were sold followed by the sale a few days ago of the remaining ship.

Turnover rose to £29.1m (£21.6m) and the pre-tax figure was struck after a higher net interest charge of £985,000 (£361,000) and an exceptional gain of £43,000 compared with a charge last time of £360,000.

Earnings per share came out at 4.16p (2.81p).

### Losses at Creston grow to £481,000

Group pre-tax losses grew at Creston from £53,000 to "most disappointing" £481,000 in the six months to December 31. Again there is no dividend and the board feels it is unlikely one will be paid for the full year.

The group said that "strenuous efforts to contain costs and reduce overheads and interest charges" failed to produce the hoped-for results. Profits of the parent company fell to £32,000 (£62,000), but the subsidiary companies – the principal of which is Aluminium and Timber Securities – tumbled to losses of £268,000 (profits £35,000). Further restructuring and retrenchment was now in action at ATS.

Group turnover declined to £5.16m (£7.47m) and losses per share emerged at 2.39p (0.26p).

### T Clarke dives but lifts dividend

Pre-tax profits of T Clarke, the electrical engineer and contractor, plunged from £5.06m to £1.89m in the year to December 31.

Turnover over the 12 months decreased from £76m to £59.2m. Earnings per share, after tax of £683,000 (£1.85m), emerged at 9.8p, against 26.08p for 1990.

The proposed final dividend is raised from 5.04p to 5.292p making a total of 6.542p, up from 6.24p.

### Beradin Holdings advances 46%

Beradin Holdings, the rubber and palm oil producer, lifted pre-tax profits by 46 per cent from £152,280 to £221,650 for the year to December 31 1991.

Turnover moved ahead to £617,556 (£475,363).

After Malaysian and UK tax of £112,231 (£57,120) earnings per share improved to 0.74p (0.63p). The proposed dividend is stepped up by 0.1p to 0.55p.

### Sleepy Kids reports £155,927 loss

Sleepy Kids, the children's animation and character merchandising group, incurred a pre-tax loss of £155,927 in the year to October 31 1991.

The result, the first since the company moved to the USM in December 1990, was struck on turnover of £183,840 and compared with a loss of £305,869 from turnover of £204,140 for the previous 15 months.

Mr Keith Isaac, chairman, said that the group had decided to reflect a more prudent accounting policy by writing off development costs which had been shown as an intangible asset in last year's balance sheet.

This had been dealt with by a prior year adjustment which charges £816,318 to the profit and loss account for the previous 15-month period as an exceptional item. This year's charge is £58,079.

Mr Isaac said that Potsworth & Co/Midnight Patrol, the company's first animation production, had been sold to 24 countries and negotiations for further sales were underway.

Losses per share were reduced from 4.22p to 0.74p.

### Forced winding-up at Ramar Textiles

Ramar Textiles, the Durham-based clothing manufacturer, was compulsorily wound up yesterday with debts of £13m.

Its shares were suspended at 14p and receivers were appointed last September after its poor financial health had disrupted production and prevented it filling some orders.

As a result Samuel Montagu withdrew its underwriting for a rights issue and share placing which would have given the company £6.4m of new funding.

The placement would have been to Mr Richard Caring, a businessman with clothing industry interests including half of Together, a joint venture with Otto-Versand, the German group. It would have lifted his interest in the enlarged Ramar to 29.9 per cent.

Subsequent negotiations between the receivers and a potential buyer fell through.

Acquisitions make up for lower sales from existing operations

# TI shows resilience with 18% fall

By Richard Gourlay

TI, the specialist engineer, yesterday demonstrated a resilience amid difficult trading conditions, reporting an 18 per cent fall in 1991 pre-tax profits to £105.2m. After allowing for a one-off hedging gain in 1990 of £7.3m, profits last year fell only 13 per cent.

Mr Christopher Lewinton, chairman, said he was satisfied with the results which demonstrated the benefits of having a wide spread of industries and markets.

Earnings per share fell from 55.5p to 44.8p but the group proposed an increased final dividend of 13.5p, giving 20.5p for the full year, a 5 per cent advance.

Turnover was 1 per cent higher at £899.5m with bolt-on acquisitions almost offsetting the £29m lower sales from ongoing businesses.

Interest earned fell from £11.2m to £7.8m, as the group spent £106m acquiring businesses and £28m reorganising them, turning net cash of £51.6m into a net debt of £37m. The overall operating margin fell from 12.1 per cent to 10.7 per cent.

Of the three core divisions to emerge from TI's drastic restructuring over the last five years, engineering seals performed best, increasing pre-tax profits from £36.8m to £42.5m and margins by 0.4 percentage points to 15.1 per cent.

Profits at specialised tubes fell from £43m to £34.3m and margins slipped two percentage points to 8.8 per cent. The problems were concentrated in the UK at the old Tube Investment industries, Desford and four smaller businesses.

In specialised engineering profits fell from £22.9m to £18.2m with some erosion of margins, partly because aircraft engine builders deferred spending programmes.

**● COMMENT**

Six years after Mr Lewinton began to transform the old Tube Investments bicycles-to-kettles mish-mash, TI's three core divisions are well placed to be an early beneficiary of any economic recovery. This year TI may not set the world alight. But if anything like the expected recovery emerges in the US, where TI derives 45 per cent of sales, 1993 should see a jump in earnings. The group has also dispelled some suspicions about its accounting policies. TI, we are told, will no longer surprise the City with the release of provisions to cover reorganisation costs on acquisitions; it will tell us first. Organic growth and small bolt-on acquisitions, already proving successful, should lead to a modest rise in pre-tax profits to £110m this year, giving 47p of earnings and a prospective multiple of 13. In 1993, however, profits are forecast at about £127m, or 53p and a multiple of 11, a substantial discount to the market for a company with strong management. TI has less room for manoeuvre should it embark upon a large bolt-on or another sizeable acquisition to build into a fourth core business. Last year's £106m acquisition programme led to a £99m write-of of goodwill against the balance sheet, reducing shareholders funds to £252m. Any further acquisition, unless financed by new paper, would be likely to increase gearing quite sharply on net debt currently standing at £37m.

Christopher Lewinton: benefits of having a wide spread

# Forth Ports float will raise £33m for Treasury

By Andrew Bolger

THE FLOTATION of Forth Ports, which handles most port operations in the Firth of Forth in eastern Scotland, will raise £33m for the government.

A total of 27m ordinary shares will be issued at 110p. Half have been firmly placed with financial institutions and the rest are being placed, subject to recall to meet demand from the public, through intermediaries. A further 3m shares have been reserved for an employee share ownership scheme.

Applications must be received by March 18 and allocations will be announced the next day. Dealing in the shares is expected to begin on Monday, March 23.

The sale is the only public flotation so far in the privatisation of the trust ports. Mr Hugh Thompson, Forth's chief executive, said he had rejected the more popular management buy-out route because the company would have been highly geared, limiting its activities and scope to make acquisitions.

Mr Thompson said he was looking actively at acquisition opportunities. Forth would be interested in smaller ports elsewhere in the UK and marine-related businesses.

Financial advisers to the issue are British Linen Bank, the merchant banking arm of Bank of Scotland, with brokers de Zoete and Bevan. The issue was fully underwritten by UBS Phillips and Drew.

# Emess hit by interest and exceptional charges

By Roland Rudd

EMESS, the lighting and electrical accessories company, yesterday reported a 43.3 per cent fall in pre-tax profits for the year to end-December because of higher interest charges and exceptional charges from relocating its US consumer lighting company.

Pre-tax profits fell from £7.4m to £4.2m on sales of £160m (£165m). Fully diluted earnings per share fell to 2.2p (3.5p) while the final divided was cut from 2.2p to 0.35p making a total of 1p (3.5p).

Net debt at the year-end was £33m, resulting in gearing of 58 per cent which the group plans to reduce through non-core disposals. Interest charges rose from £3.7m to £4.2m.

A profit of £3.3m from the sale of the UK's graphics business was not enough to offset £2.9m of costs from the closure of the UK consumer business; £300,000 loss on the sale of a long-term investment in the UK and £2.2m of costs from restructuring and relocating the US consumer business.

The overall losses were taken as an exceptional charge of £2.1m. The disposal of Imperial Graphics to Kolon of Korea in December for £7m was too late to affect last year's results.

Mr Michael Meyer, the chairman, said it had been a "dreadful year" for Alsy, the US lighting company, but said the group had taken determined action to improve performance by moving the manufacturing facilities to Pennsylvania.

# Eagle Star takes 10% of Domestic & General

By Richard Lapper

EAGLE STAR, the insurance arm of BAT Industries, yesterday acquired a 10 per cent stake in Domestic & General, the fast growing and highly rated domestic appliance breakdown insurer at a cost of about £6.5m.

Eagle Star will not be represented on the D&G board but will be the biggest outside shareholder.

"There is a strong mutual goodwill to sit down and see how we can work together," said Mr Michael Heath, executive director of Eagle Star.

Mr Martin Copley, chairman of D&G, sold 1m shares and Mr Howard James, managing director, sold 100,000 shares at a price of 960p each.

Hoare Govett, brokers to D&G, placed 677,970 shares – about 10 per cent of the company's share capital – with Eagle Star, the balance being sold to other institutions.

The D&G board, together with Mr Copley's family trusts, continue to have a total holding of 43.2 per cent of the issued share capital.

Since obtaining a quote on the Unlisted Securities Market in 1988, D&G has been a star performer, its price rising from 165p to 960p at yesterday's close. Profits have increased from £1.34m in 1988 to £2.73m in 1991.

Eagle Star is clearly attracted by this strong performance and is also keen to learn from the way D&G has deployed direct distribution and claims servicing techniques in the insurance of domestic appliances like refrigerators, central heating boilers, ovens and televisions.

Referring to the development of ideas like telephone helplines for policyholders, service contracts for insured appliances and the direct payment by the insurer of repair costs, Mr Heath said they "have taken the concept of customer care to its full extent".

He added: "They also seem to have control of claims costs. It is a very tidy operation."

Initial contacts between the two companies were made about nine months ago, he said.

# Grampian back on acquisition trail

Grampian Holdings, the Scottish mini-conglomerate which recently failed in its bid for Macarthy, the pharmaceuticals retailer and maker, has returned to the acquisition trail on the animal health side with a purchase from Hillsdown Holdings.

It is paying £7.5m cash for Lancashire-based Peter Hand Animal Health, which makes and distributes treatments for fish, pigs and poultry. Its annual turnover is about £8m and net assets £6.3m.

Hillsdown said the disposal completed its withdrawal from the European animal health market.

# Acquisitive Lloyds Chemists advances 88% to £15.4m

By Jane Fuller

LLOYDS Chemists yesterday followed up its recommended £96m bid for Macarthy with interim results showing an 88 per cent increase in pre-tax profit.

On sales 94 per cent ahead at £218.4m (£112.6m), pre-tax profit went up from £8.2m to £15.4m in the six months to December 31.

Mr Allen Lloyd, chairman and chief executive, said the performance proved that healthcare retailing was "safe retailing". He added that "When times are tough, people are more susceptible to illness."

Lloyds' diluted earnings per share grew rather less rapidly to 10.86p (8.95p). This reflected extra equity from last spring's £71m rights issue to fund the £55m acquisition of Kingswood-GK chemists and Holland & Barrett health stores.

These additional 350 stores, plus three smaller acquisitions in 1991, helped drive the figures ahead.

At this time last year (pre-Kingswood), the group had 455 chemists and 174 drugstores. Now (pre-Macarthy) it has nearly 1,080 outlets, including 667 chemists, 211 drugstores and 197 health stores.

First-half operating profit rose by 67 per cent to £16.7m. Mr Dick Steele, finance director, said the apparent decline in margin was caused by inclusion of Holland & Barrett and the new wholesaling division, which had slimmer margins than chemists and drugstores.

Before the Macarthy bid, net debt was £31.1m, gearing of 35 per cent. If the deal went through (UniChem may still re-enter the fray), Mr Steele said he expected gearing to rise to 60 per cent. on combined net assets of roughly £80m.

The interim dividend goes up to 1.55p (1.17p).

**● COMMENT**

Lloyds seems to be making as high a trading margin in its chemists division as Boots, ie 9 per cent. This is remarkable, especially as half of Boots' shops are freehold and it enjoys considerable benefits from the type of electronic information system that Lloyds is only now introducing. Explanations include its modest sites (where Boots does pay rent it is for prime locations), its tight control of the payroll and other costs, high margins on own-label products and highly efficient distribution. Once this is applied to Macarthy, with a liberal helping of acquisition provisions, analysts start shoving up 1992-93 pre-tax profit forecasts from £40m to more than £50m. Reasons for caution include the group's propensity to issue paper, while doing less well than expected on the cash-flow and gearing. If £35m (£20.8m) is made this year, the prospective p/e is about 15 on yesterday's close of 347p. This is just above the market, but below the stores sector which is more geared to recovery. The shares have had a good run but remain worth holding for acquisition benefits and defensive qualities.

# Chas Baynes up 20% but warns of 'tough' first half

By Angus Foster

CHARLES Baynes, the specialist engineering and packaging distribution company, yesterday announced a 20 per cent increase in pre-tax profits as profits from packaging and technical products more than offset a downturn from building components.

But Mr John Perkins, executive director, warned that trading conditions remained poor in some sectors and predicted the first half of the current year would be "very tough".

The company reported pre-tax profits of £6.75m for the year to December 31, compared to £5.6m a year ago. Turnover increased 39 per cent to £73.7m.

Technical products, including specialist metal valves, saw a near fivefold increase in turnover and operating profits to £12.5m and £2.21m respectively. Packaging distribution, which was boosted by acquisitions costing £10.6m, increased operating profits to £1.5m (£867,000).

However profits from the building components division slumped in line with the commercial property market and fell to £619,000 (£1.6m). Aerospace components lifted profits slightly to £1.87m.

Earnings rose to 3.91p (3.64p) per share. A final dividend of 0.85p (0.8p) is recommended to make a total of 1.35p, an increase of almost 13 per cent.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Abbeycrest | fin | 2 | May 22 | 2.4 | 3.2 | 3.6 |
| Abbott Mead Vick | fin | 5.6† | Jun 15 | 5.1 | 8.4 | 7.6 |
| Assoc Brit Ports | fin | 4.9 | - | 4.5 | 8 | 7.25 |
| Baynes (Charles) | fin | 0.85† | May 27 | 0.8 | 1.35 | 1.2 |
| Beradin Hldgs | fin | 0.55 | Apr 21 | 0.45 | 0.55 | 0.45 |
| Blagden Inds | fin | 6† | May 1 | 5 | 9.5 | 9.5 |
| Cala | int | 1.15 | May 1 | 1.15 | - | 5.4 |
| Church & Co | fin | 9.5 | May 11 | 9.5 | 12.5 | 12.5 |
| CIA § | fin | 2.6 | May 5 | 2.2 | 3.75 | 3.2 |
| Clark (T) | fin | 5.292 | May 5 | 5.04 | 8.542 | 8.24 |
| Edmond Holdings | fin | 1.2 | Jun 12 | 1.2 | 1.85 | 1.85 |
| EFT | fin | 0.77† | Apr 30 | 0.7 | 1.1 | 1 |
| Emess | fin | 0.35 | May 21 | 2.2 | 1 | 3.5 |
| Enterprise Oil | fin | 9.25 | Jun 1 | 9 | 15.75 | 15 |
| Evered Bardon | fin | 3.66† | Jul 10 | 3.66 | 5.595 | 5.595 |
| Hall Engineering | fin | 5.34 | May 8 | 5.34 | 8.64 | 8.64 |
| Kode Intl | fin | 3 | May 14 | 5 | 4 | 7.5 |
| Legal & General | fin | 12.8 | Jun 1 | 12 | 18.8 | 17.9 |
| Lloyds Chemists | int | 1.55† | Jun 12 | 1.17 | - | 4.17 |
| North Sea Assets | fin | 0.75 | Apr 24 | nil | 0.75 | nil |
| Padang Senang | fin | 0.8 | - | 0.6 | 0.8 | 0.6 |
| Pochin's | int | 8 | Apr 21 | 8 | - | 24 |
| PFG Hodgson | fin | 2 | Jul 1 | 1.6 | 3 | 3.6 |
| RTZ | fin | 13.5 | Jul 1 | 13.5 | 19.5 | 19.5 |
| Sirdar | int | 1.65 | May 5 | 1.65 | - | 5.15 |
| TI Group | fin | 13.5 | Jun 1 | 13 | 20.5 | 19.5 |
| United Biscuits | fin | 9.8‡ | Jul 1 | 9.1 | 15.3 | 14.4 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Scrip option.

# Trencherwood shares shed 5p to 7½p

The share price of Trencherwood, the USM-quoted housebuilder in talks with its bankers, fell from 12½p to 7½p yesterday after an announcement about the company's weakened financial position, writes Jane Fuller.

It had already warned that its results for the year to October 31 would be worse than anticipated when it announced a £3.5m interim pre-tax loss. Yesterday it said it would have to make "a substantial further downward revaluation" of properties and developments.

The write-downs meant that the group's net assets had fallen to less than half the called-up share capital. This necessitated an extraordinary general meeting, which would be held on April 7.

Last April, Trencherwood had £45.9m on-balance sheet debt compared with £19.5m shareholders' funds. Off-balance sheet loans amounted to £27.6m. It had breached loan covenants, but by August had renegotiated a £50m two-year facility with its bankers.

It said conditions in the housing and commercial markets had shown no signs of improvement since then, and had deteriorated in some areas, contrary to expectations.

# Polly Peck

The main creditors of Polly Peck International, the collapsed fruit and electronics concern, yesterday met the group's administrators to discuss unresolved legal issues about the payment of $400m (£227m) in funds to the creditors of different companies within the group.

A meeting of creditors of Polly Peck Finance is to be held in late April or May to discuss the issue further.

Prices for electricity dealings for the purposes of the electricity pooling and settlement arrangements in England and Wales

| Half hour period ending | Pool purchase price | Pool purchase price | Pool selling price |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

## UK COMPANY NEWS

# Recession in UK and US forces Evered down 39%

By Andrew Taylor, Construction Correspondent

TAXABLE PROFITS of Evered Bardon, which has grown dramatically to become one of the UK's biggest aggregates groups, fell by 39 per cent from £43.9m to £26.9m on turnover up from £253.1m to £334m in 1991.

The fall was even greater if one allows for the distortion to profits and sales caused by the merger last year between Evered and Bardon. On a pro forma basis, pre-tax profits fell by 44 per cent from £47.7m while sales dipped by 10 per cent from £371.4m.

The group's main markets – the UK and the US – have been hit badly by sharp falls in construction activity. As a result earnings per share fell from 12.7p to 5.1p.

The directors, however, are proposing to pay a maintained final dividend of 3.66p, making an unchanged total of 5.595p. Mr Peter Tom, chief executive, said that the decision to maintain the dividend reflected the company's confidence in its future as well as the improvement in its balance sheet.

Interest charges rose to £22.1m (£13.6m). Net debt however has been reduced since the autumn from a peak of £300m to £261.4m, equivalent to 71 per cent of shareholders' funds.

Peter Tom: dividend shows confidence in future

The reduction has been achieved as a result of UK disposals, which by the end of this month are expected to have raised £36m. Currently up for sale are the group's Indiana, North Carolina and Arkansas businesses which are expected to fetch about $70m in the current year.

Mr Tom said that the group's aim was to reduce gearing to at least 50 per cent.

The group's remaining US businesses – in Maryland and Massachusetts – are facing mixed fortunes in the current year. The Massachusetts market is recovering after the ending of a moratorium on capital spending while a similar moratorium in Maryland is still in place.

On a pro forma basis, US profits fell by a fifth last year to £20.9m. Crushed rock sales in Maryland fell by 36 per cent.

Like-for-like UK profits fell by 23 per cent to £24.7m. This, according to Mr Tom, was despite an increase in market share.

**COMMENT**

Evered's acquisition trail has lost the company a lot of friends on the way. The failure of earnings per share to match the growth in market share and a sharp rise in debt have disenchanted investors. More recently, there have been signs that Mr Tom may have recovered a little ground as disposals have cut borrowings and an axe has been taken to US overheads. However, sentiment remains weak, as illustrated by a prospective p/e of more than 18, even on unchanged profits. The jury is still out but the shares are worth a buy at this price on asset value alone.

# Hall Eng recovers in second half to £5.07m

HALL Engineering (Holdings) reported static profits for 1991 of £5.07m, against £5.06m despite turnover falling from £190.4m to £147.4m following a much improved second half.

The result was helped by two Singapore associates where profits doubled, contributing to share of associates of £5.01m (£3.44m). Borrowings fell £11.5m over the year for a 21 per cent fall in the interest charge to £4.34m (£5.46m). Gearing at the year end was 61 per cent, down from 70 per cent.

At the interim stage the Shrewsbury-based company announced pre-tax profits down from £3.56m to £1.16m.

During the second six months the Stafford factory of British Reinforced Concrete was sold and the Weldmesh and fencing operations were ended leading to an extraordinary charge of £6.9m. However some assets were sold at above book value for £6m and the overall cash effect was a £500,000 gain.

A higher tax charge of £1.9m (£1.61m) left earnings per share lower at 11.34p (12.68p). A proposed maintained final dividend of 5.34p makes an unchanged total for the year of 8.64p.

# PFG Hodgson makes £10.5m cash call

By Roland Rudd

PFG HODGSON Kenyon International, the UK's largest quoted funeral services company, yesterday announced a 2-for-3 rights issue to raise £10.5m. The cash will be used to reduce borrowings.

The company is changing its name to Plantsbrook Group.

The cash call came as the group reported pre-tax profits down 19 per cent from £8.08m to £6.55m on sales of £53.5m (£50.8m) for the year to December 31.

The national death rate remained flat, with market share stabilising at 9.5 per cent. A reduction in staff of 119 to 1,331 cost the group £900,000, taken above the line.

An extraordinary provision of £867,000 was made to cover the anticipated losses of closing the crematorium in Bury St Edmonds and the withdrawal from the manufacture of monumental masonry.

The new shares are being issued at 40p, against yesterday's closing price of 43p, down 5p on the day. The proceeds will reduce pro-forma borrowings to £19.2m, for pro-forma gearing of 108 per cent, against 415 per cent on December 31.

Omnium de Gestion et de Financement, of which Pompes Funèbres Générales, the French funeral group and PHKI's biggest shareholder is a subsidiary, is to act as underwriter.

PHKI is also proposing to delay redemption of its unlisted B preference shares by five years coupled with an amendment to the rate of their conversion into ordinary shares.

An agreement has been reached with Pompes which holds 99.6 per cent of the B preference shares to move the proposed redemption date to October 31 1998. In return the conversion rate is being raised from 0.4 to 1.6 ordinary shares for each B preference.

Mr Peter Hindley, chief executive of PHKI, said the group did not want to face a redemption in 1993 which would have cost it £15.5m.

The Takeover Panel has waived the requirement for Omnium and Pompes to make a full offer, subject to the agreement of the minority holders. The two could hold a total stake of almost 70 per cent.

Fully diluted earnings per share fell to 8.05p (9.77p). A recommended final dividend of 2p, (1.5p) makes a total of 3p.

# Move to asset finance as EFT advances 40%

By James Buxton, Scottish Correspondent

EFT GROUP, the Scottish financial services company, has pulled out of corporate finance activities and is to concentrate on its asset finance operations. It reported pre-tax profit up 40 per cent at £1.07m for the year to December 31. Revenue rose almost 10 per cent at £7.55m.

Mr Peter Stevenson is stepping down as chairman to become a non-executive director. Mr Hamish Grossart, group managing director, is to become chairman with part-time executive responsibilities.

The moves are a further scaling-down of the ambitions of EFT, which only two years ago still hoped to become a mini-financial conglomerate and spoke of adding a London office to its ones in Edinburgh and Glasgow.

EFT was created in 1987 by Mr Grossart and Mr Hugh Barry, who had earlier worked for Noble Grossart, the Edinburgh merchant bank chaired by Mr Angus Grossart, Mr Hamish Grossart's uncle. They took control of Edinburgh Financial Trust, a quoted investment trust which gave up its trust status, and acquired teams of asset finance specialists and fund managers to complement their own skills in corporate finance.

In early 1989 Mr Barry left and was replaced as chairman by Mr Stevenson, a former Noble Grossart director.

However the corporate finance operations suffered from lack of business with the downturn in the economy, and last January Glasgow Fund Managers, the fund management operation, was sold. The corporate finance operation made a profit of only £72,000 in 1991 and was closed in January.

Net outstanding receivables for the asset finance operation, which concentrates on leasing and hire purchase involving vehicles, were up 22 per cent at £47.9m while borrowings were £34.7m. After write-offs, provisions amounted to 1.61 per cent of outstanding receivables (1.15 per cent in 1991).

The group recorded an extraordinary item of £150,000 consisting mainly of provisions for the fall in value of investments offset by gains on the sale of investments.

Earnings per share were 2.22p (1.62p) and the proposed final dividend is 0.77p making a total of 1.1p (1p).

# Pressure on margins cuts Blagden to £11m

By Richard Gourlay

BLAGDEN, the packaging, chemicals and protective equipment group, yesterday reported a 17 per cent fall in profits after a year of pressure on operating margins.

The company joined the swelling ranks of those unhappy with the current UK rules on advance corporation tax. It had an insufficient mainstream UK corporation tax liability and was forced to write of double the amount of ACT this year – £1.05m – compared with 1990, boosting the tax rate from 33 per cent to 38 per cent.

Pre-tax profits in the year to December 29 1991 fell from £13.3m to £11.1m on sales almost unchanged at £216.3m.

The group's interest charge rose from £2.03m to £2.31m, despite a fall in gearing from 38 per cent to 36 per cent, because the group capitalised less interest associated with the building of a chemicals plant. It also borrowed European currencies and made deposits in the UK where interest rates were falling.

Earnings per share fell from 19.6p to 14.8p and the group proposes to pay a final dividend of 5p, maintaining the total for the year at 9.5p. At this level the dividend is 1.6 times covered by earnings.

On the packaging side – the group's most important division – Blagden announced it had bought a 50 per cent stake in a Belgian company that had developed a patented spray propellant using compressed air rather than CFCs and inflammable compounds.

Mr Cameron Smith, the chief executive, said the group's pan-European business would cushion the slower-than-expected recovery in the UK and meant the outlook for 1992 was "comparatively encouraging".

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

**TODAY**

Interims- Headway, Walker (Thomas).
Finals- Global Group, INOCO, Kerry, Lex Service.

**FUTURE DATES**

| | |
|---|---|
| Interims- | |
| Allwoods | Mar. 20 |
| European Leisure | Mar. 19 |
| LASMO | Mar. 19 |
| Finals- | |
| Appleyard | Mar. 26 |
| BPP | Mar. 16 |
| Brake Bros | Mar. 24 |
| British-Borneo Petroleum | Mar. 18 |
| Goal Petroleum | Mar. 24 |
| Hibernian Insurance | Mar. 23 |
| Page (Michael) | Mar. 25 |
| Wood (Arthur) | Mar. 24 |

# 'Double whammy' knocks Enterprise down

By David Lascelles, Resources Editor

ENTERPRISE OIL, the independent UK oil producer, was squeezed by rising costs and a weak oil price last year, resulting in a sharp decline in profits. But the company is maintaining its development programme and plans to double production in the coming years.

*Profits before tax amounted* to £114.4m, down from £210.3m, a decline of 45 per cent. After-tax profits were £110.5m (£156.5m), equivalent to earnings of 24.5p (34.4p) per share.

Mr Graham Hearne, chairman and chief executive, said that Enterprise had suffered a "double whammy". The sharp fall in the oil price last year had hit the company at a time when production costs in the North Sea remained "stubbornly high".

Other factors in the fall included a decline in interest income and the absence of asset sales which had boosted *the previous year's result.*

Nonetheless, Enterprise is increasing its annual dividend by 5 per cent to 15.75p, "reflecting our underlying confidence in the business", Mr Hearne maintained. The proposed final is lifted to 9.25p (9p).

"These are testing times for the oil industry but we remain committed to our strategy," he said.

"Enterprise has a successful exploration record and is on schedule with its development projects."

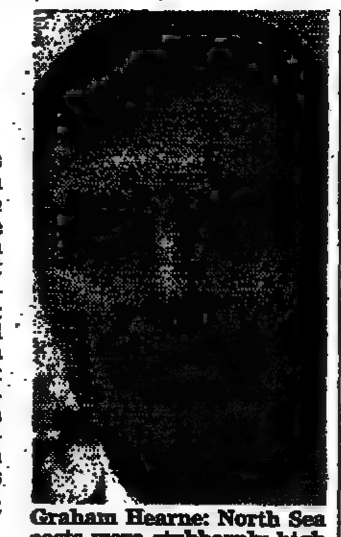
Production averaged 131,000 barrels of oil equivalent a day, *up 11.5 per cent on 1990's level,* at an average realised price of £11.88 (£12.91) per barrel. Investment totalled nearly £500m, and will amount to approximately the same amount this year as Enterprise pursues its aim of doubling output over the next few years.

Aside from the North Sea, it is active in continental Europe and the Far East.

Enterprise does not expect to see any marked recovery in the *oil price in the foreseeable* future.

● COMMENT

The result, particularly size of the dividend rise, caused some disappointment in the market, where the shares shed 2p to close the day at 367p. The main culprit, it seemed, was the surprise rise in Enterprise's production costs at a time when many observers see spare capacity beginning to emerge in the North Sea. This was partly to do with the extra safety costs imposed by the Cullen report. But Enterprise is also approaching a high point in its activity cycle as it brings on important new ventures like the Nelson and Scott fields. The market doubted that the pressures which squeezed last year's result would go away this year. Analysts cut their profits forecasts by about a third from approximately £120m to about £77m pre-tax. The market remains confident of a rising dividend. The shares currently yield 5.7 per cent.



Graham Hearne: North Sea costs were stubbornly high

## ATP funding and reorganisation

ATP Communications, the USM-quoted advertising, market research and public relations group, plans to raise £1m net through an open offer to shareholders of 54.8m new ordinary shares at 2p each. In addition there will be a capital reorganisation and preference conversion.

At the same time the company announced reduced losses of £29,000 against £48,000 for the half year to September 30 1991. Turnover improved from £3.33m to £3.57m and there was an operating profit of £52,000 (£3,000). Losses per share were 0.57p (0.73p).

# United Meat Packers in receivership

By Tim Coone in Dublin

UNITED Meat Packers (UMP), the Irish Republic's second largest meat processor, was yesterday placed into receivership.

The collapse of the company, which processes an estimated 30 per cent of Ireland's annual sheep output and 15 per cent of its beef, follows the failure of a High Court examiner, appointed last month, to raise I£7m (£6.5m) in working capital from the company's creditor banks to keep it in business.

UMP has debts in excess of I£50m, and ran into a liquidity *crisis following* a fire which devastated its most modern abattoir and *cold store last* January at Ballaghaderreen, causing damage estimated at I£15m.

The receiver, Mr John Donnelly of the chartered accountants Deloitte and Touche, said that "while the future ownership of the company may be in question, the survival of the business and its operations has to be achieved". Ireland's two main banks, AIB and Bank of Ireland, were yesterday reported to be interested in supporting UMP following the announcement.

The family-run company, *headed by Mr Sher Rafique,* originally from Pakistan, has been a classic "rags-to-riches" success story. Having studied in the UK in the 1960s, and worked on the London underground and buses, he came to Ireland in the early 1970s, and established his first sheep abattoir in the west of Ireland to sell meat slaughtered under *Moslem* rites for sale to the Middle East. He now ranks as one of Ireland's wealthiest men.

Things began to go wrong *for* the company in the late 1980s, first with cancellation of export credit guarantees and the loss of sales to Iraq, and then the BSE (bovine spongiform encephalopathy) scare which lost it markets in Libya and Iran. Mr Rafique, however, successfully built up new supermarket outlets in France, Italy and Spain and 70 per cent of UMP's exports now go to continental Europe.

It is expected that there will be considerable interest by Irish and European meat processors in buying UMP's five main plants in Ireland, as well as its smaller plants in the UK.

## QED Technology has been sold

QED Technology, the Maxwell Communication Corporation offshoot which creates computer systems for publishers, has been sold to Cromas Trading of the US. Price Waterhouse, administrator to MCC, gave no details of the price.

QED had sales of £4.6m in the year to March 31 1991.

MCC sought US bankruptcy protection and entered administration in Britain in December. It owns Official Airlines Guide and MacMillan, both US publishers. Price Waterhouse is selling non-core units and attempting a restructuring of *the company.*

NEWS DIGEST

# Church halved to £1.7m

A HALVING of pre-tax profits, from £3.58m to £1.7m, was announced by Church & Co, the Northampton-based shoe maker, for the year to December 31 1991.

Mr John Church, the chairman, said that cost cutting across all the group's companies had helped it to recover a large part of its profitability in the second half. Profits in the first half amounted to just £14,000 (£1.87m).

There were exceptional redundancy and other reorganisation costs of £280,000 and interest took £1.35m (£1.46m). Earnings were halved to 11.6p (22.8p) and the directors propose to maintain the dividend for the year at 12.5p with an unchanged final of 9.5p.

Turnover was a lower £65.2m (£68.6m).

● A Jones & Sons, a wholly-owned subsidiary, contributed slightly increased pre-tax profits of £290,000 in 1991 against £284,000 previously although turnover was marginally down from £29.6m to £28.7m.

Earnings per share came through at 27.3p (34.5p).

Bad debts, brought about by customer failures, led to an increase in provisions to £494,000 against £41,000 last year.

A final dividend of 2p (2.4p) is proposed making a total of 3.2p (3.6p). Earnings per share fells from 12.1p to 9.8p.

## Cala interim losses reduced to £1.57m

Reduced pre-tax losses of £1.57m were announced by Cala, the builder and property dealer, for the six months to December 31. The comparable loss was £3.95m.

Turnover was lower at £27.3m (£33.8m) but sales continued to be made in all areas although margins were under pressure.

Losses per share fell to 2.98p (7.21p) and the interim dividend is maintained at 1.15p.

## Ex-Lands £10m project surplus

Ex-Lands, the investment and leisure group, increased its profit, before and after tax, from £19,000 to £33,000 in the six months to December 31, after costs incurred on potential acquisitions of £64,000 against £26,000.

Turnover was £10,000 down at £714,000. Earnings per share for the period amounted to 0.06p (0.04p).

## Sirdar boosted 34% by reduced interest

Sirdar, the Wakefield-based textile company, had a much better half year with pre-tax profits for the six months to end-December up by 34 per cent from £2.1m to £2.8m. Turnover fell slightly from £27.5m to £27.1m.

Cost savings and increased efficiencies resulted in a 19 per cent improvement in operating profit to £3.2m; the pre-tax profit was boosted by a sharp reduction from £712,000 to £479,000 in interest charges.

The interim dividend is a same again 1.65p per share from earnings of 3.25p (2.27p).

## Abbeycrest tumbles £1m to £3.35m

In "the most challenging year ever experienced" Abbeycrest, the designer and manufacturer of gold and silver jewellery, reported pre-tax profits down by almost £1m to £3.35m.

Mr Michael Lever, chairman, said in spite of extensive discounting in the retail jewellery sector over the peak Christmas selling season the company's market had still contracted by more than 20 per cent.

Turnover for the year to end-December was static at £60m (£60.2m) and operating profits fell from £5.31m to £4.32m. Net interest payable however was reduced from £1m to £967,000.

## Kode forced to make further dividend cut

Kode International, electronics and computer services group, reported a slight downturn in profits for the year to December 31.

Operating profits were 8 per cent up from £561,000 to £608,000, with turnover marginally lower at £15.7m compared with £16m. But a rise from £57,000 to £122,000 in exceptional items, mainly redundancy and compensation payments, left pre-tax profits down from £504,000 to £486,000.

After tax of £137,000 (£163,000), earnings per share came to 4.3p (5.8p). The proposed final dividend is cut from 5p to 3p following the 1.5p cut in the interim, to make the total payment of 4p, against 7.5p.

## Edmond declines to 'creditable' £1.73m

Edmond Holdings, the housebuilder operating in Hull, east Yorkshire, the Midlands, East Anglia and South Wales, saw pre-tax profits decline from £3m to "a creditable" £1.73m in the year to December 31.

Mr Andrew Naish, chairman,

said that house prices had continued to fall throughout the period, despite the interest rate reductions.

Against this background, he was pleased with the profits figure which was achieved on turnover down at £17.3m (£19m).

Earnings dropped to 2.41p (4.13p) but the directors have recommended maintaining the final dividend at 1.2p for an unchanged total of 1.85p.

Total house completions were 329 (323) units at an average price of £52,500 (£58,800). Gearing was reduced to 41 (86) per cent and the landbank increased to 1,850 (1,300) plots.

## CIA bucks sector trend with 16% rise

CIA Group, the independent media-buying concern, bucked the trend in the advertising/marketing sector in the year to December 31 and reported increased profits and turnover for the 13th year running.

Taxable profits advanced 16 per cent to £2.83m (£2.45m) in the 12 months and was struck on turnover 4 per cent ahead at £172m (£165m).

Mr *Chris* Ingram, chairman of this USM-quoted group, said that this latter improvement reflected "the strong growth of international business, offset by cutbacks in the UK". CIA achieved more than £50m in net new business gains in 1991, against £35m previously. So far in 1992 more than £20m-worth of new business has been won.

Operating profits edged up to £1.29m (£1.17m), though investment income grew more strongly to £1.54m (£1.28m). Earnings rose 17 per cent to 13.62p (11.65p) per share and the final dividend is lifted to a proposed 2.6p (2.2p) for a total of 3.75p (3.2p), also a rise of 17 per cent.

## THE PROPERTY MARKET

# An ambivalent attitude

**By Vanessa Houlder**

The property industry has an uncomfortably ambivalent attitude to the main political parties ahead of the UK general election on April 9.

It has reason to distrust the Tories for orchestrating the most damaging boom and bust for decades; and Labour for its traditional antagonism towards developers.

At the same time, the sector cannot view the prospect of a hung parliament with equanimity. Such an outcome would give investors and prospective tenants an excuse to continue dithering. "The worst result would be no result," says Mr Chris Bartram, managing partner of Jones Lang Wootton, chartered surveyor.

The differences in policies between the two parties pale into insignificance compared with the need for a decisive result that injects confidence into the financial markets.

Above all else, the fortunes of the property industry are yoked to gilt yields and interest rates. Any increase in rates would deter investors, hinder refinancings, clobber valuations, weaken revenue accounts and undermine the occupation market.

The industry's main fear is that the next government might be forced to increase interest rates to bolster its own credibility.

Kleinwort Benson Securities says that long gilt yields would be 200 basis points higher if the election resulted in a Labour-led hung parliament compared with an outright Tory victory. That would translate into a decline in net asset values of between 10 per cent and 15 per cent, Kleinwort adds.

The constraints of the exchange rate mechanism of the European Monetary System limit both parties' room for manoeuvre on economic policy. The soaring inflation of the 1970s, which enhanced the appeal of property to investors, is unlikely to be repeated. The scope for boosting the economy and investing in infrastructure is limited and the introduction of Labour's minimum wage policy might further hinder growth, particularly in the retail sector.

On planning matters, the property industry's attitude to Labour is ambivalent. In some respects, it remembers past Labour governments with affection, because the tight controls on planning boosted property values. For example, the ban imposed on the construction of offices in London by George Brown, Labour's secretary of state for economic affairs, in November 1964, sent rents and values spiralling upwards.

Labour still takes a tough line on planning matters. It will not, for instance, brook any development in the green belt. But the differences with the Conservatives have narrowed: the Tories have shed the *laissez-faire* attitude towards development, most commonly associated with former environment minister Mr Nicholas Ridley. Both parties emphasise the need for sustainable development and anti-pollution measures.

The industry is sceptical about how far Labour has moved away from its hostile "pip-squeaking" attitudes of the early 1970s. Labour has sought to reverse this image and its "planning a new agenda" document declares that "Labour is not anti-development".

However, the Royal Institution of Chartered Surveyors, a professional body, is not entirely reassured.

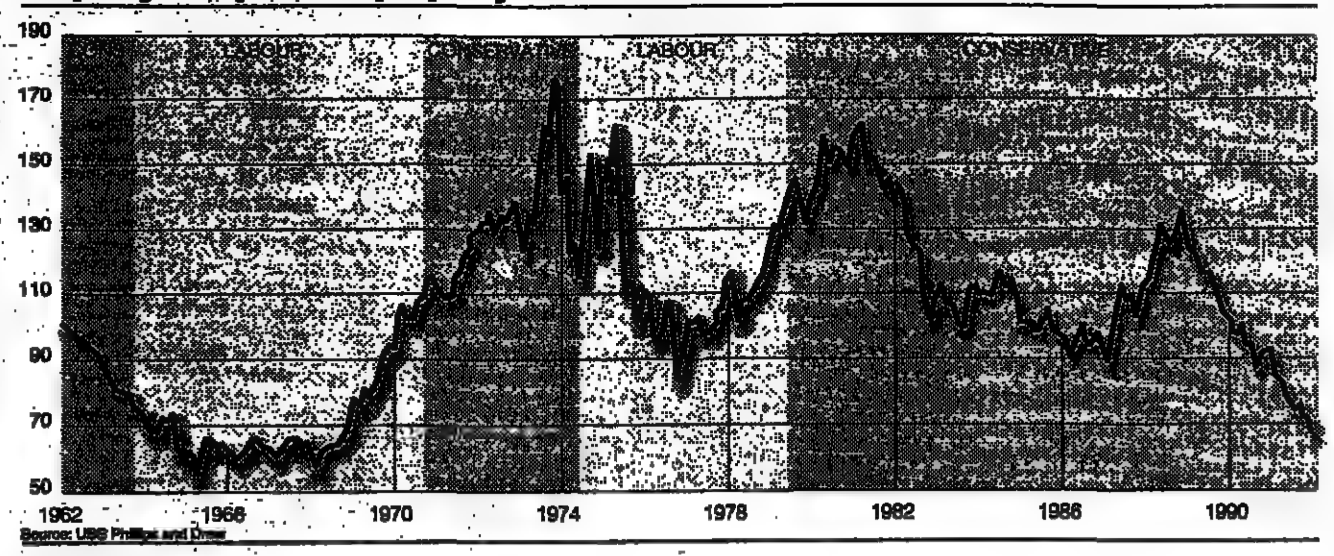
Mr Christopher Jonas, senior vice-president of the RICS, says Labour's proposal to introduce a "third party right of appeal" against the granting of planning permission that cuts across an agreed development plan could make a developer's life "a nightmare".

Labour's proposals to end the automatic right of planning appeal and to re-introduce separate categories of use for light industry and offices have also come under fire. The idea that development plans should be reviewed every two years is unrealistic and Labour condemnation of urban development corporations is too sweeping, says the RICS. It also dislikes the opposition's proposals to impose time limits on planning permission to discourage speculators from hoarding land.

The RICS is not entirely negative about Labour's plans, however. Mr Jonas says that Labour has "hit the nail of the head" in its emphasis on regional and local plans and the need to integrate planning and transport policies. It applauds the idea of regional planning and welcomes the notion of urban regeneration zones, which will have strong local authority involvement.

Past governments have had a drastic, often unwitting, influence on the property industry. Today, however, the government's ability to interfere is limited by the rigours of the ERM and the glut of empty properties. It is the legacy of the late 1980s, rather than the promises of politicians, that is likely to shape the property market in the near future.

**Property and politics: property sector relative to FT-A All-Share Index**



Source: UBS Phillips and Drew

# One acquisition too many

The appointment this week of administrative receivers to Randsworth Acquisition, the West End property company, marks a sorry end to the first excursion by US pension funds into the UK property market.

The US pension funds which joined JMB Realty, a Chicago-based investment group, in making a £258m bid for Randsworth at the peak of the market in 1989, have made heavy losses. JMB also made large losses on its stakes in Rosehaugh and Priest Marians, two high-flying property companies that were brought to their knees by the decline in the market.

The Randsworth deal suffered from a combination of poor timing and the highly-geared nature of the acquisition vehicle. Randsworth was bought at the peak of the market, at a 2 per cent premium to net asset value. Citibank injected £180m of debt, while the investors put in £95m of equity and £95m of loan notes. A relatively small decline in the value of the underlying company, Randsworth Trust, which had borrowings of its own, could wipe out the value of the equity in Randsworth itself.

The administrative receivers, KPMG Peat Marwick, have not yet gone through Randsworth's books. But in April 1991, Credit Suisse First Boston calculated that the portfolio's value was £327m. The portfolio, which is concentrated in shops and offices in the West End, has probably fallen in value since then.

Set against these assets are the claims of creditors, which lent some £450m to Randsworth, according to CSFB. The most secure are the debenture holders, which have the first claim against £135m of the assets of London & Provincial Shop Centres, Randsworth's chief subsidiary. Then there is £209m of bank debt, which is secured by first and second charges on the property and a floating charge on other assets. Loan note holders and equity investors are at the end of the queue.

Randsworth has not gone down without a fight. In early 1991, it raised a further £58m from its shareholders. But over the past 15 months, its attempts to raise more equity or persuade its bank to swap debt to equity have failed.

This debacle has largely deterred other US investors from making excursions into the UK property market. Even JMB, which expects to make further property investments in Europe, says there may be "a short term negative effect from Randsworth".

## CONTRACTS & TENDERS

**INVITATION FOR BIDS**

Loan No : 2802 TU
File No : 114-ISB/DIB-253
Order No : 114-ISB/DIB-253
Date of Issuance : 13.3.1992
Bid Submission Date : 28.4.1992

1. The TURKISH ELECTRICITY AUTHORITY, hereinafter referred to as TEK, has received a loan amounting 140,000,000 USD from the WORLD BANK in various currencies towards the cost of Power Systems Operations Assistance Project and part of the proceeds of this loan will be applied to eligible payments under the Contract(s) for which this Invitation For Bids issued.

2. The TURKISH ELECTRICITY AUTHORITY now invites sealed bids from eligible Bidders for supply of a total of apparatus and equipment for distribution systems.
All the above equipment shall be supplied according to the Bidding documents.
Each bidder may submit a bid for any item of instruments or combination of items. All bids and combination of bids shall be opened and evaluated simultaneously in order to determine the bid or combination of bids offering the least advantageous solution for TEK. The bidders shall be allowed to offer a discount price for the combination of the contract.

3. Interested eligible Bidders may obtain further information from and inspect the Bidding Documents at the office of:

TURKISH ELECTRICITY AUTHORITY
General Management
Commercial Affairs Department
İnönü Bulvari No: 27 Kat: 1
Bahçelievler Son Durak
ANKARA/TURKEY
Telex: 42245 tek tr

4. A complete set of Bidding Documents may be purchased by any interested eligible Bidder on the submission of a written application to the above office and upon payment of a non-refundable fee of 50 USD or 300,000 TRL (excluding VAT) at the following address:

TURKISH ELECTRICITY AUTHORITY
General Management
Department of Finance
İnönü Bulvari No: 27 Kat: 4
Bahçelievler Son Durak
ANKARA/TURKEY

Those Bids submitted by the Bidders who did not purchase the Bidding Documents shall be rejected.

5. All bids must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must be delivered to the above office on or before 12.00 hours on 28.4.1992.

6. Bids will be opened in the presence of those Bidders' representatives who choose to attend at 14.00 hours on 28.4.1992 at the office:

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## COMMODITIES AND AGRICULTURE

# US wins and loses copper smelter projects

By Kenneth Gooding, Mining Correspondent

ONE BIG copper smelter project in the US was cancelled yesterday almost exactly at the same time as another was given the go-ahead.

RTZ Corporation, the world's biggest mining company, said it would apply for permits to build a $880m smelter at its Bingham Canyon complex near Salt Lake City, with capacity to produce 272,000 tonnes of copper a year.

But Mitsubishi Material Corporation of Japan said it could no longer afford to wait for permits for the smelter it planned at Texas City, Texas. It has been battling US authorities and environmentalists over the smelter, designed to produce 182,000 tonnes of copper a year, since 1989.

"We cannot afford to continue the project for cost and time reasons," said Mr Takeshi Nagano, MMC's chairman. Cancellation of the project, which would have been a showpiece for Mitsubishi's own smelting technology, had been expected in the industry. Many employees had been switched from Texas to work on another copper smelter Mitsubishi plans for Thailand.

Mr Bob Wilson, RTZ's chief executive, said he had no doubt that his group's project would also cause environmental controversy. But, whereas Texas City was a greenfield project, RTZ's would replace an existing smelter with one that was environmentally vastly superior. "Also the Bingham Canyon complex is already a major part of the local economy," he pointed out. The mine and smelter employ 2,400.

The new RTZ smelter will use "flash smelting" technology developed by Outokumpu, the state-owned Finnish group, followed by "flash converting," a process developed by Outokumpu and Kennecott, the RTZ subsidiary which operates Bingham Canyon. RTZ said this would enable more than 99 per cent of the sulphur contained in the copper concentrate being processed to be captured and sulphur dioxide emissions would be reduced to one twentieth of the allowable level in Utah.

In addition, although the new smelter would have double the capacity of the existing plant, it would use two-thirds less water and require only one half as much energy per tonne of copper produced, said RTZ.

In the past few years Kennecott has spent more than $625m to modernise and expand Bingham Canyon. A $219m fourth mill line started up in January and this will boost annual production of copper concentrates (an intermediate material) by 25 per cent to 1m tonnes. Bingham already exports 40 per cent of its concentrates (mainly to Japan) and without the new smelter it would have to send half its concentrates elsewhere for smelting.

Mr Wilson said RTZ would save 7 cents a lb of copper produced ($154 a tonne) on transport costs alone. The new smelter's operating costs would be half those of the existing plant. For commercial reasons he refused to give details of present costs.

● RTZ was still keeping the industry guessing yesterday about its Lihir Island gold project in Papua New Guinea, one of the biggest known gold deposits outside South Africa. Mr Wilson said a feasibility study for the $770m project was being prepared for submission to the PNG government by the end of this month but refused to be drawn about whether this indicated RTZ would go ahead if the government agreed to the conditions contained in the study.

The study looks for 2.8m tonnes of ore to be treated to produce 600,000 troy ounces of gold annually for the first five years of operation.

The PNG government has been putting pressure of RTZ to make up its mind and in July extended the UK group's prospecting licence for only nine months instead of the usual two years. Mr Wilson said RTZ had applied for another renewal of the licence. RTZ owns 80 per cent of Lihir, via Kennecott, with Ningini Mining, a subsidiary of Battle Mountain Gold of the US, having the other 20 per cent.

# Russia in disarray over Sakhalin oil

By Leyla Boulton in Moscow

RUSSIAN DEPUTIES are still in disarray over whether to block the award to a US-Japanese consortium of a feasibility study for the development of oil and gas reserves off the far eastern Sakhalin Island.

But despite this latest illustration of the chaos involved in trying to do business in Russia, the consortium is optimistic that it will conclude a feasibility study agreement by an end-March deadline agreed with the Russian government.

Negotiators from the various parties, including Sakhalinmorneftegas, the local oil and gas enterprise, are already in Moscow to finalise the terms and conditions of the contract – even though it is understood that the Russian government has yet to appoint its negotiating team.

The government chose the consortium – made up of McDermott, the US engineering company, Marathon Oil Company, and Japan's Mitsui – as the winners of a much dragged out tender process at the end of January. The contract, which has yet to be signed, is to conduct a study into developing two oil and gas fields with estimated reserves of 90m tonnes of oil and condensate and 350bn cubic metres of gas.

But after a protest from the island's governor, Mr Valentin Fyodorov, a special parliamentary commission was set up to investigate his claims that the deal would harm local interests and that the tender was badly structured.

Following the passing of a Monday deadline for a parliamentary decision on the issue, Mr Vladimir Shumeiko, the deputy speaker who also heads the commission, said in a newspaper interview that a decision would be reached "in a few days' time". He suggested that the commission would clear the deal on condition that the government introduce anti-monopoly measures for the exploitation of reserves. But a colleague on the commission, Mr Sergei Mikhailov, said yesterday that some members, including himself, wanted to scrap the deal and start the tender all over again.

To further confuse matters, it is not yet clear is what the two deputies mean when they talk of the need to divide up "the territory" among rival consortia. If they mean sharing out the two fields – the gas-rich Lunskoye and the oil-rich Piltun-Astokhskoye, which are the subjects of the study – one executive from the consortium said the deal would probably lose its attraction. If they mean dividing up the whole 17,000 sq km off Sakhalin, thought to contain mineral wealth, of which the two fields represent a mere 5-10 per cent, the consortium would have no objections, even though a feasibility study into one part could not avoid looking at the long-term prospects for developing the whole area.

● Ukraine has found a partial solution to its energy crisis by signing a deal directly with the oil-producing Tiumen region in western Siberia, the Ukrainian prime minister's office announced yesterday, writes Chrystia Freeland in Kiev.

Under the agreement, concluded in Tiumen on March 5 by Mr Vitold Fokin, the Ukrainian prime minister, and Mr Yuri Shafranik, the Tiumen region chief administrator, Tiumen will supply Ukraine with an emergency 3.9m tonnes of oil within the next two months. This is crucial for Ukraine because a cut in traditional supplies from Russia has jeopardised the spring sowing of crops. Tiumen has also agreed to provide an additional 2m tonnes of oil above and beyond the 40m tonnes Russia as a whole had contracted to supply to Ukraine in an earlier agreement.

Inter-governmental economic deals within the former Soviet Union have been honoured most often in the breach and to prevent this Ukraine and the Tiumen region have agreed to create co-ordinating centres in the Ukrainian capital of Kiev and the city of Tiumen.

In exchange for the oil Ukraine has agreed to provide Tiumen with food, consumer goods and manufactured goods at 1990 levels. Ukraine has also promised to provide social guarantees for the 600,000 Ukrainians currently employed in the Tiumen oil fields. Tiumen officials have worried they might lose their workforce when the roubles they pay their Ukrainian workers are replaced by a different currency in Ukraine.

Since becoming independent late last year Ukraine has sought to decrease its dependence on the Russian central government for costly oil. One avenue has been an agreement to purchase 5m tonnes from Iran.

# Gold price under pressure

By Kenneth Gooding

GOLD WAS again under pressure yesterday. The price was "fixed" in London at its lowest for six months and below the psychologically-important level of $348 a troy ounce. On the New York Commodity Exchange at one stage the most-active April contract dropped to a new nadir of $347 an ounce.

One dealer suggested: "Gold's going down to the low 340s and it will be hard work holding it up".

However, Ms Rhona O'Connell, analyst at Williams de Broe, stockbroker, said that, although the next few weeks would see gold at its weakest, "we hold to our expectation that a sustainable bull market will start around the middle of the year, expect a 1992 average price of $370 to $375 an ounce and a test of $400 before year-end." In a special report on the gold market, Ms O'Connell points out that it was unsettled in February by steady sales from a German bank. The most likely source of the metal was the Commonwealth of Independent States.

The Islamic fasting month of Ramadan started on March 6 and runs until April 6 and is contributing to nervousness as Middle Eastern speculative activity is reduced. "However, in recent weeks the Middle East has been a two-way trader rather than a net buyer so no pillar of support has actually been pulled away," says Ms O'Connell. She adds that demand from China has re-emerged after its New Year holiday "and is roaring ahead".

Yesterday's downward pressure was triggered by selling in New York by a computer-managed fund, dealers suggested. In London gold closed last night at $347.70 an ounce, down $1.30.

# Problems piling up for Caribbean sugar sector

## A wave of labour unrest is adding to the woes of a struggling industry, writes **Canute James**

A WAVE of industrial unrest in the Caribbean sugar industry has compounded earlier problems caused by falling production and changes in important markets.

Exporters are having difficulty in retaining traditional markets and no new ones are available: some export quotas have been reduced while some export commitments are not being fulfilled.

The pain is most evident in Barbados, for which the sugar industry is a relatively small but important pillar of the troubled economy. An eight-week strike that delayed the start of this year's harvest has reduced production at a time when the financially strapped industry has been trying to catch its breath.

The Dominican Republic has suffered cuts in its US quota and fears it may lose markets in the former Soviet Union

The industry was shut down late last year because it ran out of money. The privately-owned Barbados Sugar Industry Ltd, which operates the island's mills, owes a state-owned bank about US$87m. New money has not been available because the government is under pressure to reduce state spending.

It took a loan of £5m from Barclays Bank of the UK to get the industry up on its feet again, but preparations by millers to start processing cane in January were frustrated by a strike. Unions demanded an increase in wages but the millers said they were unable to pay because of their weak finances. It took the intervention of the country's prime minister to break the impasse.

The industry is forecasting production of 50,000 tonnes for this year, which will not be enough to meet its quotas to the European Community and the US while satisfying domestic demand, for which about 73,000 tonnes would be needed.

Failure to fill export quotas has also been a major worry for the Guyanese sugar industry. In each of the past three years the country has pleaded *force majeure* on scheduled shipments to the European Community as production has faltered because of strikes and poor weather.

The industry expects to meet its EC quota of 167,000 tonnes this year although production was only 155,000 tonnes last year, 25,000 tonnes more than in 1990. Like other countries that fear a loss of their quotas if they do not meet the supply schedules, Guyana and Barbados may be forced to import sugar for the domestic market.

"The logic here is quite simple," explains a Jamaican trade official. "The preferential markets such as the EC pay more than the exporters would get on the world market. So they ensure they meet their quotas and then buy cheaply on the world market for domestic consumption. The EC and the US do not like this practice, but it is done fairly often."

In Guyana and Barbados efforts are being made to improve the management of the sugar industry and raise productivity. Booker Tate, a subsidiary of Booker of the UK, is managing the state-owned industry in Guyana, and will begin running the Barbados industry later this year.

The marginal improvement in output by the Jamaican industry over the past two years was halted by a two-week strike at the island's nine mills that ended this week. This year's target of 230,000 tonnes, if it is achieved, will allow the island to meet its quota commitments.

The administrators of the industry in the Caribbean complain that region's marketing and production plans are being adversely affected by changing conditions in important markets, such as the US, where adjustments to import quotas are frequent. In the current crop year, for example, most of the Caribbean producers have had their US quota cut by 35 per cent, and others by 10 per cent.

These changes, which are influenced mainly by the level of domestic US production, are expected to reduce the Caribbean region's earnings by about US$70m. The reduction is hitting hardest in the Dominican Republic, where industry has been in decline for the past decade. The cut of 35 per cent in its US quota to 232,500 tonnes this year might have been less painful had it not been for uncertainty over another valuable market. The Dominicans had been supplying between 50,000 tonnes and 225,000 tonnes a year to the Soviet Union. But with the break-up of the union Dominican industry officials and bankers say there is uncertainty about future of sales to the Commonwealth of Independent States, as it is now called.

Like most of the other Caribbean producers, production costs in the Dominican Republic, which produced 628,000 tonnes last year, exceed world market prices.

Strikes and production costs are not likely to be among the problems facing the sugar sector in Cuba, the region's largest producer. Since the break-up of the Soviet Union, which was the island's major market, short term contracts with members of the CIS have brought some relief. But a significant reduction in output is likely this year because of a late start to harvesting and a shortage of fuel which has overtaken the embattled economy. There are indications that output this year will be about 1m tonnes less than last year's 7.6m tonnes.

The US industry, however, is already weighing the consequences of the changes in Cuba's markets, with suggestions that this could leave the island with millions of tonnes to dispose of on the world market. Depression of prices would be compounded by a likely loss of market for some of Cuba's neighbours, particularly if there were political changes on the island.

"In a post-Castro Cuba, the US would try to assist a new government if it is democratic," suggests Mr Julio Herrera, president of the Caribbean Basin Sugar Producers Group. "Cuba will inevitably turn to the US as a market for its sugar. The US will be told that it has a moral obligation to buy Cuban sugar."

# Brazilian orange growers faced with harvest delay

THE HARVESTING of Brazil's 1992-93 orange crop will be delayed until July or August, instead of the usual late May or June, because of lack of rain in the flowering period, industry officials said, reports Reuter from Rio de Janeiro.

Mr Roberto D'Andrea, director of external relations at Citrosuco Paulista, one of Brazil's biggest producers of frozen concentrated orange juice, said the delay would cause the industry's carryover to fall substantially.

By the end of March the industry should have a better idea of the length of the delay in the harvest, one trader said. "A two- to six-week delay is possible," he added.

"If the harvest is delayed it could cause stocks to be drawn down."

Last month the AB Citrus industry association said that the Brazilian FCOJ industry's carryover world-wide would fall to 157,000 tonnes by June 30, 1992, from 331,000 tonnes a year earlier.

Mr D'Andrea, who is also head of the National Association of Citrus Industries, called those figures "reliable".

In recent weeks weather in the citrus region has been favourable to the crop and rainfall has been sufficient, industry officials said.

Brazil's biggest producers of FCOJ made a preliminary estimate for the 1992-93 crop of 262m boxes (40.8 kg each), up from 240m boxes in 1991-92.

The Brazilian Association of Citrus Juice Industries (Abrassucos), which represents small and medium size processors, made a preliminary estimate of 255m boxes.

## WORLD COMMODITIES PRICES

### MARKET REPORT

London's robusta **COFFEE** futures closed on or just below the day's highs and New York arabicas were showing gains at midday as the markets continued to derive support from sentiment that Brazil may be coming round to the idea of an economic coffee pact with export quotas, dealers said. "The will is there for the market to turn and anything coming out from Brazil will bolster prices," said one. Brazil's foreign minister said on Wednesday night that the Brazilian government was prepared to discuss export quotas. On the LME **ZINC** And **ALUMINIUM** staged strong rallies to close higher, while **COPPER** bounced off support to end with trimmed losses. Dealers said technical factors mostly underpinned zinc and aluminium, with activity quickening after a dull morning. Copper cut its losses in the afternoon with expected support between $2,220-$2,225 a tonne for three-month metal lifting prices back to $2,230, still down $8. LME warehouse stocks are forecast to fall today, dealers said. Three-month **TIN** moved away from $5,600 a tonne, with premiums continuing to prevail for quality metal, despite talk of Brazilian shipments. Three-month **NICKEL** was unable to hold above $7,600 a tonne.

Compiled from Reuters

### London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB) | | + or - |
| Dubai | $15.50-5.60w | +.40 |
| Brent Blend (dated) | $17.25-7.40w | +.125 |
| Brent Blend (Apr) | $17.45-7.50 | +.075 |
| W.T.I. (1 pm est) | $18.55-8.60w | +.075 |
| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $192-193 | -1 |
| Gas Oil | $158-159 | |
| Heavy Fuel Oil | $72-74 | +1 |
| Naphtha | $172-173 | [illegible] |
| *Petroleum Argus Estimates* | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $347.70 | -1.30 |
| Silver (per troy oz)♣ | 411.0c | -4.0 |
| Platinum (per troy oz) | $361.0 | [illegible] |
| Palladium (per troy oz) | $84.85 | -0.4 |
| Copper (US Producer) | 105.88 | -0.29 |
| Lead (US Producer) | 37c | |
| Tin (Kuala Lumpur market) | 14.09r | -0.04 |
| Tin (New York) | 261.50c | +2.0 |
| Zinc (US Prime Western) | 62c | |
| Cattle (live weight)† | 109.09p | +1.42 |
| Sheep (live weight)†♠ | 100.47p | -0.87 |
| Pigs (live weight)† | 96.48p | [illegible] |
| London daily sugar (raw) | $213.7v | -0.2 |
| London daily sugar (white) | $270.5v | +1.5 |
| Tate and Lyle export price | £232.5 | |
| Barley (English feed) | £121.5 | |
| Maize (US No. 3 yellow) | £148.0 | |
| Wheat (US Dark Northern) | Unq. | |
| Rubber (Apr)♥ | 53.75p | +0.25 |
| Rubber (May)♥ | 54.00p | [illegible] |
| Rubber (KL RSS No 1 Mar) | 210.5m | +0.5 |
| Coconut oil (Philippines)§ | $677.5t | +27.5 |
| Palm Oil (Malaysian)§ | $365.0 | [illegible] |
| Copra (Philippines)§ | $445.0w | +25.0 |
| Soyabeans (US) | £157.5q | +0.5 |
| Cotton "A" index | 54.40c | -0.3 |
| Wooltops (64s Super) | 472p | [illegible] |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

| SUGAR – London FOX | | | ($ per tonne) | |
|---|---|---|---|---|
| Raw | Close | Previous | High/Low | |
| May | 185.00 | 186.20 | 186.40 | 184.60 |
| Aug | 188.60 | 189.60 | 190.00 | 188.40 |
| Oct | 189.80 | 191.00 | 191.40 | 190.80 |
| Dec | 189.00 | | 190.00 | 190.00 |
| White | Close | Previous | High/Low | |
| May | 267.0 | 268.0 | 267.5 | 266.5 |
| Aug | 268.0 | [illegible] | 268.8 | 268.0 |
| Oct | 261.0 | 262.8 | 262.1 | 260.5 |
| Mar | 264.0 | | 263.5 | |

Turnover: Raw 221 (308) lots of 50 tonnes. White 745 (782)
Paris- White (FFr per tonne): May 1520.94 Aug 1545.02

| CRUDE OIL – IPE | | | $/barrel | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Apr | 17.47 | 17.39 | 17.52 | 17.37 |
| May | 17.55 | 17.48 | 17.57 | 17.43 |
| Jun | 17.58 | 17.52 | 17.64 | 17.54 |
| Jul | 17.60 | 17.54 | 17.65 | 17.54 |
| Aug | 17.60 | 17.55 | 17.65 | 17.59 |
| Sep | 17.60 | 17.57 | 17.65 | 17.58 |
| Oct | 17.66 | | 17.66 | |
| IPE index | 17.47 | 17.52 | | |

Turnover 15000 (24317)

| GAS OIL – IPE | | | $/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 156.00 | 156.00 | 157.00 | 155.25 |
| Apr | 158.25 | 156.25 | 158.25 | 157.25 |
| May | 160.00 | 160.00 | 160.75 | 159.00 |
| Jun | 162.00 | 162.25 | 162.25 | 161.50 |
| Jul | 163.75 | 163.75 | 164.00 | 163.00 |
| Aug | 166.25 | 166.25 | 166.25 | 165.50 |
| Sep | 168.50 | 168.00 | 168.50 | 167.75 |
| Oct | 171.00 | 170.50 | 171.00 | 169.50 |
| Nov | 172.00 | 171.75 | 172.00 | 171.00 |

Turnover 14636 (14416) lots of 100 tonnes

**FRUIT & VEGETABLES**
Pineapples from the Ivory Coast are plentiful this week. Prices range from 80p-£1.50 a lb (£1.60-2.25). Other good buys include Cape Dan Ben Hannah grapes 80p-£1.00 a lb (90p-£1.00), and bananas 45-60p a lb (40-60p). Homegrown and Spanis carrots are 15-20p a lb (15-20p). Other good vegetable buys include broccoli 75-85p a lb (75-85p), spring cabbage 25-35p a lb (25-35p), and onions 18-30p a lb (18-30p). New crop British Spring onions are now available 30-35p a bunch (35-45p). Other good salad buys include celery 50-75p a head (50-80p), and British round 20-30p (30-35p).

| COCOA – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 850 | 840 | 853 | 840 |
| May | 668 | 670 | 674 | 665 |
| Jul | 699 | 698 | 703 | 698 |
| Sep | 724 | 724 | 726 | 722 |
| Dec | 759 | 759 | 764 | 759 |
| Mar | 791 | 790 | 794 | 789 |
| May | 809 | | 810 | |
| Jul | 830 | | 834 | 831 |
| Sep | 850 | | 854 | |
| Dec | 860 | | 860 | |

Turnover: 2393 (2272) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.10 629.52 (615.71) 10 day average for Mar.11 640.52 (645.24)

| COFFEE – London FOX | | | $/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 857 | [illegible] | 860 | 849 |
| May | 871 | 858 | 875 | 860 |
| Jul | 891 | 878 | 894 | 878 |
| Sep | 908 | 901 | 914 | 903 |
| Nov | 926 | 928 | 934 | 922 |
| Jan | 955 | 945 | 952 | 946 |
| Mar | 972 | | 970 | |

Turnover: 3737 (7423) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.10: Comp. daily 56.81 (55.60) 15 day average 54.98 (54.86)
Sterling close: March 2501

| POTATOES – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 117.0 | 116.4 | 118.0 | 115.0 |
| May | 139.4 | 139.0 | 139.5 | 139.2 |
| Apr | 129.0 | 128.5 | 129.0 | |

Turnover 98 (175) lots of 20 tonnes.

| SOYAMEAL – London FOX | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Jun | 127.00 | 128.00 | |

Turnover 0 (15) lots of 20 tonnes.

| FREIGHT – London FOX | | | $10/index point | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 1253 | 1280 | 1231 | |
| Apr | 1303 | 1303 | 1303 | 1280 |
| May | 1278 | 1289 | 1285 | |
| Jul | 1125 | | 1125 | 1115 |
| Oct | 1284 | 1280 | 1280 | |
| Jan | 1313 | | 1320 | 1315 |
| BFI | 1231 | 1231 | | |

Turnover 258 (156)

| GRAINS – London FOX | | | £/tonne | |
|---|---|---|---|---|
| Wheat | Close | Previous | High/Low | |
| Mar | 125.15 | 125.15 | 126.65 | 125.60 |
| May | 127.60 | 128.00 | 128.50 | 127.55 |
| Jun | 129.35 | 129.90 | 130.50 | 129.55 |
| Nov | 115.85 | 115.80 | 115.80 | 115.80 |
| Barley | Close | Previous | High/Low | |
| May | [illegible] | 118.25 | 118.50 | 118.20 |

Turnover: Wheat 421 (286), Barley 24 (8).
Turnover lots of 100 Tonnes.

| PIGS – London FOX | | (Cash Settlement) p/kg | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 121.5 | | 120.8 | |
| Apr | 120.5 | | 120.0 | 119.5 |
| May | 119.4 | 118.5 | 119.0 | |
| Jun | 116.5 | | 116.0 | |
| Oct | 110.5 | | 110.5 | |

Turnover 56 (2) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 25,414 lots |
| Cash | 1275-6 | 1287-8 | | 1288-8.5 | | |
| 3 months | 1300-1 | 1293-3.5 | 1305/1290 | 1292-2.5 | 1304-5 | 155,770 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 19,301 lots |
| Cash | 1301.5-2.5 | 1293-4 | 1295 | 1295-5.5 | | |
| 3 months | 1326.5-7 | 1318-9 | 1328/1317 | 1319-20 | 1325-6 | 117,813 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 3,795 lots |
| Cash | 303.5-4.5 | 298.75-9.25 | | 308.5-4 | | |
| 3 months | 314.5-5 | 310-10.25 | 315.5/312 | 313-3.5 | 314-15 | 17,113 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 3,002 lots |
| Cash | 7460-80 | 7515-25 | 1169/1165 | 7460-80 | | |
| 3 months | 7580-70 | 7600-10 | 1160/1172 | 7565-70 | 1189-90 | 22,875 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 1,185 lots |
| Cash | 5610-20 | 5585-95 | 5605 | 5595-95 | | |
| 3 months | 5650-5 | 5630-35 | 5660/5620 | 5625-7 | 5650-55 | 5,057 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 18,843 lots |
| Cash | 1175-6 | 1167-8 | 1186/1165 | 1165.5-6 | | |
| 3 months | 1187-8 | 1178-80 | 1190/1172 | 1178.5-6 | 1189-90 | 47,518 lots |

LME Closing £/$ rate:
SPOT: 1.7075 3 months: 1.6915 6 months: 1.6683 9 months: 1.6550

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 347.50-347.90 | |
| Opening | 346.80-349.20 | |
| Morning fix | 348.65 | 203.259 |
| Afternoon fix | 347.80 | 202.863 |
| Day's high | 349.00-349.30 | |
| Day's low | 347.20-347.40 | |

| Loco Ldn Mean Gold Lending Rates (Vs US$) | | | |
|---|---|---|---|
| 1 month | 3.88 | 6 months | 3.88 |
| 2 months | 3.86 | 12 months | 3.73 |
| 3 months | 3.86 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 241.70 | 414.25 |
| 3 months | 245.05 | 418.60 |
| 6 months | 254.80 | 423.45 |
| 12 months | 265.60 | 433.60 |

GOLD COINS
(Prices supplied by Engelhard Metals)

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 347.50-348.50 | 203.00-203.50 |
| Maple leaf | 358.00-359.00 | 209.00-209.50 |
| New Sovereign | 85.00-86.00 | 49.50-50.00 |

TRADED OPTIONS

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | May | Jun | May | Jun |
| 1200 | 104 | 114 | 10 | 14 |
| 1300 | 40 | 51 | 45 | 49 |
| 1400 | 10 | 17 | 114 | 114 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 1140 | 90 | 95 | 10 | 17 |
| 2250 | 29 | 37 | 49 | 67 |
| 2350 | 5 | 10 | 124 | 129 |
| **Coffee** | **May** | **Jul** | **May** | **Jul** |
| 750 | 145 | 181 | 4 | 5 |
| 800 | 102 | 118 | 11 | 12 |
| 850 | 66 | 82 | 25 | 26 |
| **Cocoa** | **May** | **Jul** | **May** | **Jul** |
| 650 | 31 | 62 | 12 | 13 |
| 675 | 17 | 46 | 23 | 22 |
| 700 | 9 | 32 | 405 | 33 |
| **Brent Crude** | **May** | **Jun** | **May** | **Jun** |
| 1750 | 43 | 70 | 40 | 59 |
| 1800 | 21 | 47 | | |
| 1850 | 9 | 30 | | |

### New York

| GOLD 100 troy oz.; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 347.4 | 350.7 | 0 | 0 |
| Apr | 348.0 | 351.4 | 349.8 | 347.0 |
| May | 349.1 | 352.5 | 0 | 0 |
| Jun | 350.2 | 353.8 | 352.0 | 349.3 |
| Aug | 352.5 | 355.8 | 354.3 | 352.0 |
| Oct | 354.8 | 358.2 | 355.2 | 354.0 |
| Dec | 357.4 | 360.7 | 357.8 | 356.5 |
| Feb | 360.0 | 363.3 | 0 | 0 |
| Apr | 362.7 | 359.0 | 362.5 | [illegible] |

| PLATINUM 50 troy oz; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 365.1 | 365.1 | 0 | 0 |
| Apr | 360.1 | 363.4 | 362.5 | 359.0 |
| Jul | 359.1 | 362.4 | 361.5 | 358.2 |
| Oct | 361.8 | 364.9 | 362.0 | 360.5 |
| Jan | 361.6 | 364.9 | 361.5 | 361.5 |

| SILVER 5,000 troy oz; cents/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 408.6 | 414.7 | 413.0 | 407.0 |
| Apr | 409.7 | 415.8 | 0 | 0 |
| May | 411.3 | 417.5 | 417.5 | 409.5 |
| Jul | 414.6 | 420.8 | 420.5 | 413.5 |
| Sep | 418.4 | 424.6 | 420.0 | 419.5 |
| Dec | 424.1 | 430.2 | 426.0 | 422.8 |
| Jan | 425.8 | 431.9 | 0 | 0 |
| Mar | 430.3 | 436.3 | 434.0 | 430.0 |
| May | 434.9 | 440.9 | 436.0 | 434.0 |
| Jul | 439.5 | 445.5 | 445.5 | 445.0 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 100.95 | 101.25 | 101.05 | 100.50 |
| Apr | 100.95 | 101.25 | 100.95 | 100.60 |
| May | 100.85 | 101.20 | 101.10 | 100.30 |
| Jun | 100.70 | 100.95 | 0 | 0 |
| Jul | 100.60 | 100.70 | 100.35 | 100.00 |
| Aug | 100.35 | 100.50 | 100.30 | 100.20 |
| Oct | 100.10 | 100.15 | 100.00 | 99.95 |
| Nov | 99.90 | 100.05 | 99.95 | 99.80 |
| Dec | 99.80 | 99.95 | 99.80 | 99.50 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| May | 8.35 | 8.37 | 8.39 | 8.30 |
| Jul | 8.43 | 8.48 | 8.46 | 8.40 |
| Oct | 8.50 | 8.57 | 8.54 | 8.48 |
| Mar | 8.65 | 8.67 | 8.68 | 8.62 |
| May | [illegible] | 8.70 | 8.69 | 8.69 |
| Jul | 8.72 | 8.73 | 0 | 0 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Apr | 19.76 | 18.50 | 18.87 | 18.44 |
| May | 18.96 | 18.70 | 19.08 | 18.60 |
| Jun | 19.08 | 18.86 | 19.16 | 18.80 |
| Jul | 19.12 | 18.95 | 19.15 | [illegible] |
| Aug | 19.14 | 18.99 | 19.15 | 19.00 |
| Sep | 19.15 | 19.01 | 19.20 | 19.02 |
| Oct | [illegible] | 19.02 | 19.08 | 19.00 |
| Nov | 19.13 | 19.03 | 19.14 | 19.03 |
| Dec | 19.15 | 19.05 | 19.18 | [illegible] |
| Jan | [illegible] | 19.02 | 19.10 | 19.00 |

| HEATING OIL 42,000 US galls, cents/US galls | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Apr | 5190 | 5130 | 5210 | 5135 |
| May | 5180 | 5129 | 5200 | 5140 |
| Jun | 5195 | 5139 | 5190 | 5140 |
| Jul | 5215 | 5180 | 5225 | 5160 |
| Aug | 5290 | 5270 | 5300 | 5270 |
| Sep | 5420 | 5395 | 5430 | 5400 |
| Oct | 5525 | 5505 | 5540 | 5520 |
| Nov | 5620 | 5605 | 5620 | 5600 |
| Dec | 5730 | 5705 | 5730 | 5710 |
| Jan | 5780 | 5735 | 5780 | 5780 |

| COCOA 10 tonnes;$/tonnes | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 1029 | 1019 | 1010 | 990 |
| May | [illegible] | 1054 | 1066 | 1024 |
| Jul | 1099 | 1091 | 1102 | 1060 |
| Sep | 1135 | 1126 | 1137 | 1101 |
| Dec | 1180 | 1171 | 1179 | [illegible] |
| Mar | 1220 | 1211 | 1217 | [illegible] |
| May | 1248 | 1239 | 1244 | 1232 |
| Jul | 1278 | 1269 | 1274 | 1261 |
| Sep | 1311 | 1302 | 1286 | 1285 |
| Dec | 1346 | 1337 | 0 | 0 |

| COFFEE "C" 37,500lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 72.80 | 72.25 | 73.00 | 72.10 |
| May | 73.00 | 72.50 | 74.35 | 72.80 |
| Jul | 75.05 | 74.60 | 76.40 | 75.00 |
| Sep | 77.70 | 77.35 | 79.00 | 77.55 |
| Dec | 81.00 | 81.00 | 82.15 | 81.00 |
| Mar | 84.50 | 84.00 | 85.25 | 84.50 |
| May | 87.40 | 86.45 | 87.25 | 87.25 |
| Jul | 89.45 | 88.50 | 0 | 0 |

| COTTON 50,000; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| May | 54.60 | 53.61 | 54.65 | 53.45 |
| Jul | 56.12 | 55.38 | 56.20 | 54.60 |
| Oct | 58.50 | 58.03 | 58.70 | 57.85 |
| Dec | 59.35 | 58.92 | 59.35 | 58.45 |
| Mar | 60.65 | 60.33 | 60.65 | 59.90 |
| May | [illegible] | 60.93 | 60.51 | 60.40 |

| ORANGE JUICE 15,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 143.70 | 143.40 | 144.00 | 142.75 |
| May | 142.35 | 141.50 | 144.50 | 141.70 |
| Jul | 139.90 | 138.90 | 141.60 | 139.40 |
| Sep | 132.85 | 132.45 | 134.80 | 132.85 |
| Nov | 126.00 | 124.55 | 126.50 | 125.50 |
| Jan | 124.00 | 124.50 | 125.60 | 124.30 |
| Mar | 124.35 | 124.25 | 124.80 | 124.80 |
| May | 124.35 | 124.25 | 0 | 0 |
| Jul | 124.35 | 124.25 | 0 | 0 |

**INDICES**

| REUTERS (Base: September 18 1931 = 100) | | | |
|---|---|---|---|
| Mar.12 | Mar. 11 | mnth ago | yr ago |
| 1616.8 | 1618.6 | 1606.3 | 1702.3 |

| DOW JONES (Base: Dec. 31 1974 = 100) | | | | |
|---|---|---|---|---|
| | Mar.11 | Mar.10 | mnth ago | yr ago |
| Spot | 118.26 | 118.61 | 119.34 | 126.64 |
| Futures | 122.31 | 122.60 | 122.61 | 130.20 |

### Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 585/6 | 591/4 | 592/0 | 585/4 |
| May | 593/0 | 598/4 | 598/6 | 592/4 |
| Jul | 602/2 | 608/6 | 609/4 | 601/4 |
| Aug | 608/0 | 612/6 | 613/4 | 608/0 |
| Sep | 611/0 | 615/4 | 616/4 | 611/0 |
| Nov | 618/6 | 623/4 | 625/0 | 618/4 |
| Jan | 627/4 | 632/2 | 633/4 | 627/4 |
| Mar | 636/0 | 640/0 | 642/0 | 635/4 |

| SOYABEAN OIL 60,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 20.86 | 20.97 | 20.90 | 20.86 |
| May | 20.89 | 21.18 | 21.20 | 20.86 |
| Jul | 21.20 | 21.45 | 21.47 | 21.20 |
| Aug | 21.37 | 21.62 | 21.56 | 21.36 |
| Sep | 21.51 | 21.76 | 21.77 | 21.51 |
| Oct | 21.62 | 21.85 | 21.80 | 21.60 |
| Dec | 21.98 | 22.14 | 22.15 | 21.93 |
| Jan | 22.02 | [illegible] | 22.25 | 22.02 |

| SOYABEAN MEAL 100 tons; $/ton | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 174.4 | 175.0 | 175.3 | 174.2 |
| May | 175.9 | 176.7 | 177.4 | 175.8 |
| Jul | 178.7 | 179.8 | 180.4 | 178.6 |
| Aug | 179.5 | 180.6 | 181.2 | 179.5 |
| Sep | 180.3 | 181.8 | 182.5 | 180.2 |
| Oct | 184.0 | [illegible] | 197.1 | 194.0 |
| Dec | 196.2 | 198.3 | 198.8 | 196.0 |
| Jan | 197.0 | 199.2 | 199.2 | 197.0 |

| MAIZE 5,000 bu min; cents/56lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 267/0 | 268/4 | 268/4 | 266/4 |
| May | 273/6 | 275/4 | 275/4 | 273/4 |
| Jul | 278/0 | 279/6 | 280/2 | 277/6 |
| Sep | 272/0 | 274/4 | 274/0 | 271/6 |
| Dec | 267/0 | 268/2 | 269/2 | 266/4 |
| Mar | 273/6 | 275/6 | 275/4 | 273/4 |
| May | 277/4 | 278/0 | 278/4 | 277/0 |

| WHEAT 5,000 bu min; cents/60lb-bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 396/4 | 402/0 | 404/0 | 396/4 |
| May | 390/2 | 394/0 | 397/4 | 390/0 |
| Jul | 377/4 | 384/4 | 384/4 | 377/0 |
| Sep | 382/0 | 389/0 | 388/6 | 382/0 |
| Dec | 390/6 | 397/0 | 397/4 | 390/0 |
| Mar | 392/0 | 398/4 | 399/0 | 392/0 |

| LIVE CATTLE 40,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 78.075 | 77.975 | 78.505 | 77.975 |
| Jun | 74.050 | 73.750 | 74.150 | 73.825 |
| Aug | 69.900 | 69.700 | 70.175 | 69.650 |
| Oct | 69.625 | 69.250 | 69.725 | 69.350 |
| Dec | 69.925 | 69.750 | 70.000 | 69.550 |
| Feb | 69.250 | 69.000 | 69.500 | 69.250 |
| Apr | 70.300 | 70.250 | 70.700 | [illegible] |

| LIVE HOGS 40,000 lb; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 40.575 | 40.675 | 41.075 | 40.500 |
| Jun | 46.350 | 46.100 | 46.475 | 46.100 |
| Jul | 45.800 | 45.550 | 46.025 | [illegible] |
| Aug | 44.000 | 43.725 | 44.100 | 43.725 |
| Oct | 41.150 | 41.075 | 41.300 | 40.875 |
| Dec | 44.400 | [illegible] | 44.550 | [illegible] |
| Feb | [illegible] | 45.150 | 45.450 | 45.000 |
| Apr | 43.025 | 42.950 | 43.025 | 43.000 |

| PORK BELLIES 40,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 35.300 | 35.600 | 35.800 | 35.050 |
| May | 36.150 | [illegible] | 35.800 | 36.050 |
| Jul | 37.075 | [illegible] | 37.000 | 36.950 |
| Aug | 35.650 | 35.975 | 37.800 | 35.525 |
| Feb | 48.150 | 48.050 | 36.650 | 0 |
| Mar | 47.150 | 47.100 | 48.250 | 0 |
| May | 50.000 | 50.000 | 47.150 | 0 |

# LONDON STOCK EXCHANGE

# Futures again undermine share prices

By Terry Byland, UK Stock Market Editor

THE CITY'S increasing nervousness over the UK government's electoral prospects continued to bear down on share prices in London yesterday. With any lingering hopes for a base rate cut dealt a further blow by weakness in sterling and renewed firmness in money market rates, equities suffered increased selling pressure across the full range of the market.

Marketmakers again paid dearly for the bull positions built up ahead of the Budget speech. Two new bouts of selling of the March index future, as securities firms tried to regain their balance, undermined the stock market, driving the FT-SE Index below the 2,500 mark. Traders warned that the very large positions built up in futures ahead of Mr Lamont's Budget have still not yet been cleared. Futures-led selling remains a threat.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Feb 24 | Mar 9 | Mar 23 |
| Option Declarations: | | |
| Mar 5 | Mar 19 | Apr 2 |
| Last Dealings: | | |
| Mar 6 | Mar 20 | Apr 3 |
| Account Day: | | |
| Mar 16 | Mar 30 | Apr 13 |

*New-time dealings may take place from 8.30 am two business days earlier.

The futures sector took the whip hand from the opening of trading. The March contract on the Footsie quickly dipped below 2,500, and the underlying stock market was forced to follow. Then, as the March contract regained the 2,550 territory, so did the stock market, trimming its loss on the Footsie from 31.3 to 20.9 at mid-session.

The final downturn came when sterling extended its early fall after news of higher inflation in Spain removed hopes that a cut in Spanish rates might yet open the way to a base rate cut in London.

Selling of the stock index futures increased as market traders struggled to get clear of their mistaken bull stance. The March contract again closed at a discount of about four points to the stock market where the FT-SE Index ended 29.1 down at 2,493.3, its lowest for two months. London's weakness was not helped by an early loss of 17 Dow points as Wall Street started the new session.

*Seaq volume fell to 483.4m* from Wednesday's total of 557.4m. Retail, or customer, business on Thursday rose to £1.1bn, indicating that, in addition to the futures-led activity by marketmakers, some institutions were also selling stock in the wake of the Budget and election date news.

The setback continued to feature those stocks which had benefited from the widespread assumption that base rates would be reduced at the Budget or, at least, during the election campaign. Building material stocks came back sharply. There were further losses in the retail sectors, where the collapse of base rate optimism more than offset the relatively optimistic monthly sales survey from the Confederation of British Industries.

*With domestic factors so* firmly dominating investment sentiment, there was little activity in the international blue chips.

Reviews of the UK Budget continued to flow from securities houses to their clients. Panmure Gordon, the UK brokerage house, taking a somewhat more optimistic view than many, suggested that a more considered response to the prospects of "sound non-inflationary economic recovery" would send the stock market higher over the next twelve months.

Robert Fleming Securities, however, warned that attention will now switch to the forthcoming election campaign. Publication is expected tomorrow of the first of a flood of post-Budget polls of public *opinion which are likely* strongly to influence the performance of the stock market until April 9, Election Day.

## L & G results please

THE Legal & General share price outperformed the market throughout the day, responding positively to better than expected preliminary figures.

Marked up to 374p immediately after the preliminary results became known, the shares subsequently slipped back to finish unaltered on the day at 367p.

Analysts, however, were broadly enthusiatic over the results, and especially the dividend total, which was raised by 5 per cent, at the very top end of the range. Profits of £11.3m, although well down on last year, were towards the best of analysts' forecasts.

Mr Youssef Ziai at UBS Phillips & Drew, a long-time bull of the shares, described L & G's performance as "the best of the general insurers to date", and said that in view of the difficult trading endured during 1991, he saw no reason why a similar dividend rise *could not be achieved this* year. Mr Trevor May, insurance specialist at Nomura, said the shares looked good value, pointing out the asset backing of 450p a share.

### Guinness sold

In the drinks sector, *Guinness* fell 27 to 575p on turnover of 4.1m. The shares became a target for profit-taking following the rise prompted recently by suggestions that Mr Warren Buffett of Salomon Brothers had built a stake of around 2 per cent.

This, coupled with the company's relative immunity to developments in the UK brewing industry, had pushed the stock to a premium of about 20 per cent to the sector.

However, Mr Mike McCarthy, at Smith New Court, warned of a recent fall in the value of whisky exports to Japan and the US, and suggested there could be short-term weakness in the shares. Other analysts agreed that the Warren Buffett hints had left the shares ahead of other major drinks companies, *rendering them vulnerable* in a market susceptible to pre-election profit-taking.

### Utilities rally

Utilities remained under downward pressure as marketmakers cut their dealing levels in an *attempt to head off* attempted selling prompted by political and regulatory fears. Confidence in the water stocks, however, was boosted after the Ofwat regulator rejected suggestions that it wanted to control dividends.

The mark-down paid off at the end of the session when the regional electricity issues stabilised and the water stocks began to pick up.

The latter were given a late boost from a utilities seminar hosted in Edinburgh by County NatWest, the stockbroker. At the seminar Mr Chris Bolt, head of economic regulation at Ofwat, the water industry watchdog, dispelled what he described as "the myth that Ofwat is operating or would like to operate a system of dividend control; Ofwat does not want to introduce dividend control either directly or through the back door".

Of the Footsie stocks, Anglian ended 8 lower at 347p, Thames dipped 10½ more to 350½p and Severn Trent lost 9 to 331p. The Electricity Package settled 65 down at £2858.

### BTR in demand

Among the few firm stocks in the FT-SE 100 list, BTR stood out on re-evaluation of *Wednesday's results. Having* initially given up a penny as the market retreated, the stock attracted institutional bargain hunters which sent the price up 10 to 396p. The shares have declined in recent weeks on concern over the integration of Hawker Siddeley into BTR, acquired last November.

Mr Ian Hilliker at County NatWest, which has returned the stock to its buy list, said: "The shares have got terrific recovery potential and we expect them to outperform in the long term relative to the market." Turnover was 4.4m.

The best individual performance from the Footsie constituents came from RTZ – up 16, or almost 3 per cent, at 555p, after 560p, after the group unveiled better than expected preliminary figures.

The stock was also viewed by the market as one of the best defensive plays in the Footsie, with around 90 per cent of its assets outside the UK.

Market fears over Enterprise Oil's final dividend payment were proved wrong as the group increased the payout by 0.25p to 9.25p, thereby increasing the total payment by 5 per cent.

Nevertheless, the shares dipped to 362p before stabilising and ending the session a net 2 off at 367p, with a number of analysts still fretting about the group's gearing level and high production costs.

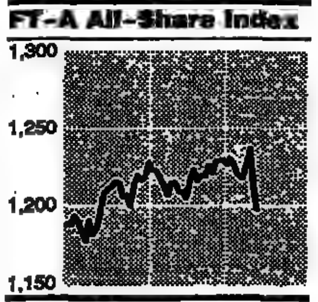
Lasmo, meanwhile, bore the brunt of some more aggressive selling from the big integrated London brokers, the shares closing 9½ weaker at 186½p, their lowest level since March 1988.

BP was the most heavily traded stock in the market with turnover approaching the 20m mark. US funds were said to have moved back in to pick up the shares, which retain a high rating across the Atlantic on the belief the dividend is *secure. Influential US brokerage* C.J. Lawrence was reported as reiterating its buy stance on the stock. At the close BP was only 2 easier at 261p, having rallied from an earlier 256p.

Reaction to United Biscuits' higher dividend and better than expected profits was muted as the company gave little indication of when it expects an improvement in markets on either side of the Atlantic. Mr Eric Nicoll, group chief executive, said: "We are hopeful of seeing an upturn this year, but we are not seeing any signs yet."

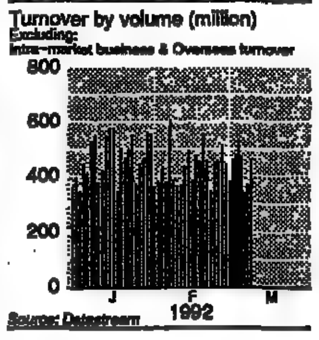
The shares held up well, against a weak trend, rising a penny to 413p as the company lifted its final dividend to 9.8p from 9.1p, giving a total of 15.3p for the year, against 14.4p. Profit for 1991 rose to £211.3m from £195.1m, above market forecasts of around *£206m and proving the company's* ability to boost profits in difficult trading conditions, according to analysts.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream

Among supermarket groups, Tesco slipped 12 to 252p on exceptionally heavy turnover of 9m shares, hit by a sell note from County NatWest, while J. Sainsbury lost 5 at 389p on 1.9m traded, on a similar recommendation from Kleinwort Benson.

Kingfisher lost another 14 to 489p and W.H. Smith "A" fell 9 to 461p on continued worries about a DIY price war.

The sale, via stockbroker Hoare Govett, of a block of 2.6m Steetley shares, equivalent to a 1.67 per cent stake in the brick manufacturer, was believed to have come from the Electricity Board Pension Fund. The stock was thought to have gone to arbitrageurs and is expected to end up in the Redland camp. Redland shares, upset in line with the rest of the sector by diminished hopes of a base rate cut, receded 8 to 451p. Steetley was 6 off at 381p.

Profit-taking depressed selected leisure stocks which had risen in advance of the Budget in anticipation of a boost to consumer spending. Ladbroke, down 7½ to 226½p in good volume of 3.4m, was also out of favour on consideration of the group's recent figures, with property worries remaining a niggling doubt with some in the market.

Hotel group Forte encountered profit-taking and dipped 7 to 224p on 1.6m traded. So did Euro Disney, which has surged in the past fortnight on news that it is to join the CAC 40 index in Paris. The shares retreated 23 to 1653p.

There was further nervousness in MTM, the speciality chemicals producer, whose shares have collapsed following two profit warnings and board resignations over the past fortnight. Most worrying, however, was that, after all the bad news and a plummet in the share price, investors still wanted to sell – prompting some in the market to speculate that there could be worse news to come.

MTM's delayed accounts are due to be published at the end of the month. The stock fell 8 to 88p in active trading of 700,000 shares.

A gloomy statement accompanying results which revealed an 18 per cent profits setback to £96.3m, the bottom of market expectations, sent TI Group falling 14 to 614p.

Mr John Goldschmidt at Charterhouse Tilney believes the company will put in a better performance this year. But he has trimmed this year's forecast by £10m to £115m.

**MARKET REPORTERS:**
**Colin Millham, Joel Kibazo, Steve Thompson, Christopher Price.**

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

## NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (81).
AMERICANS (1) Houston Inds., BANKS (1) HSBC, BUILDING MATERIALS (2) Heywood Williams Cv. Prf., Titon, BUSINESS SERVICES (1) Davis Service, CONGLOMERATES (1) Jardine Hldgs., CONTRACTING & CONSTRUCTION (1) Bost (H), ELECTRICALS (2) China Light, Johnson Elect., ELECTRONICS (2) Druck, Mullione, ENGINEERING GENERAL (2) Concentric, Weir, FOOD RETAILING (2) Morrison (Wm), Do. 5¼pc Prf., HEALTH & HOUSEHOLD (1) Community Hospitals, INVESTMENT TRUSTS (7) Sela Global Emrg. Mkts., Do. Wrrnts., China & Eastern, EFM Dragon, Scottish Value, Spanish Smllr. Wrrnts., Templeton Emrg. Mkts. Wrrnts., MEDIA (1) Abbott Mead Vickers, MISCELLANEOUS (1) Benson, OTHER FINANCIAL (1) BWD Secs., PACKAGING, PAPER & PRINTING (1) Brit. Polythene, PROPERTY (1) HK Land, STORES (1) Lloyds Chemists, TEXTILES (2) Leeds, Sherwood.
NEW LOWS (87).
BRITISH FUNDS (4) Ex. 12½pc 1992, Tr. 8½pc 2007 A, Tr. 14½pc 1994, Tr. 9pc 2012, CANADIANS (1) Gulf Canada, BUILDING MATERIALS (1) Euro. Colour, BUSINESS SERVICES (3) ATP Commun., African Lakes, REA, CONGLOMERATES (3) Gleves, Jourdan (T), Mosaic Invs., CONTRACTING & CONSTRUCTION (4) Havelock Europa, Kalima, Miskin, Wescol, ELECTRONICS (1) Harland Simon, ENGINEERING GENERAL (2) Hadleigh Inds., Renold, HOTELS & LEISURE (1) Kunick 8¼pc Prf., INSURANCE BROKERS (1) Archer (A.J.), INVESTMENT TRUSTS (14) Drayton Blue Chip, EFM Inc., Electra Inv., Gartmore Scot. Cap., Gartmore Value, Jupiter European Wrrnts., Melville St. Invs., Murray Split Cap., River & Merc. Cap., Schroder Japanese Wrrnt., Scot. Natl. Cap., Siam Selective Growth Wrrnts., Sphere Inv Inc., St. David's Cap., MEDIA (4) Aveseo, Holmes Marchant, MMI, Do. Wrrnts., METAL & METAL FORMING (1) Tinsley (E), MISCELLANEOUS (2) Business Tech., WSP, OIL & GAS (7) Adva Petrlm., Clyde Petrlm., Enterprise Oil, Goal Petrlm., LASMO, Premier Cons., Triton Europe, OTHER FINANCIAL (2) Berkeley Govett, King & Shaxson, PROPERTY (13) BHH, Debenham Tewson & C., Gt. Portland, Hammerson A, Helical Bar, Do. 5¼pc Prf. 2012, Hemingway, Land Securities, MEPC, Merivale Moore, Slough Ests., Do. 8¼pc Prf., Wates City of Lon., TEXTILES (1) Jacques Vert, TRANSPORT (1) All Nippon Airways, MINES (1) Cluff Res.

## FINANCIAL TIMES STOCK INDICES

| | Mar 12 | Mar 11 | Mar 10 | Mar 9 | Mar 6 | Year Ago | 1991/92 High | 1991/92 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 86.74 | 86.87 | 87.42 | 87.52 | 87.22 | 84.47 | 88.55 (27/2/92) | 82.17 (2/1/91) | 127.40 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 99.89 | 100.19 | 100.75 | 100.58 | 100.50 | 93.29 | 101.56 (19/2/92) | 90.59 (2/1/91) | 105.40 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share● | 1946.6 | 1966.6 | 2006.6 | 1984.4 | 1968.6 | 1952.1 | 2108.3 (2/9/91) | 1605.3 (16/1/91) | 2108.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 127.1 | 126.9 | 126.5 | 126.8 | 128.0 | 148.1 | 222.8 (11/7/91) | 126.0 (4/3/92) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2493.3 | 2522.4 | 2574.8 | 2550.7 | 2533.1 | 2448.2 | 2679.6 (2/9/91) | 2054.8 (16/1/91) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1169.10 | 1183.98 | 1196.00 | 1187.68 | 1182.32 | 1120.37 | 1200.08 (4/3/92) | 938.62 (16/1/91) | 1200.08 (4/3/92) | 938.62 (16/1/91) |
| ●Ord. Div. Yield | 4.61 | 4.56 | 4.48 | 4.51 | 4.53 | 4.98 | | | | |
| ●Earning Yld %(full) | 6.54 | 6.48 | 6.36 | 6.41 | 6.44 | 9.47 | | | | |
| ●P/E Ratio(Net)(*) | 19.36 | 19.55 | 19.87 | 19.73 | 19.64 | 13.05 | | | | |
| SEAQ Bargains 5.00pm | 28,988 | 29,538 | 26,250 | 34,363 | 39,173 | 45,724 | | | | |
| Equity Turnover(£m)† | - | 1085.6 | 853.9 | 700.1 | 1092.0 | 1518.45 | | | | |
| Equity Bargains† | - | 33,357 | 30,642 | 37,737 | 42,582 | 49,833 | | | | |
| Shares Traded (ml)† | - | 469.1 | 376.5 | 345.5 | 482.7 | 761.9 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. [illegible]

Ordinary Share Index, Hourly changes — Day's High 1983.6 — Day's Low 1947.2

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1963.6 | 1960.7 | 1947.7 | 1950.8 | 1952.0 | 1951.1 | 1953.6 | 1955.9 | 1949.6 |

FT-SE 100, Hourly changes — Day's High 2517.0 — Day's Low 2491.1

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2516.9 | 2512.0 | 2492.1 | 2496.1 | 2499.0 | 2497.8 | 2499.8 | 2503.1 | 2493.9 |

FT-SE Eurotrack 200, Hourly changes — Day's High 1171.30 — Day's Low 1167.12

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1170.47 | 1167.58 | 1169.16 | 1169.44 | 1168.52 | 1168.58 | 1170.61 |

### GILT EDGED ACTIVITY

| Indices* | Mar 11 | Mar 10 |
|---|---|---|
| Gilt Edged Bargains | 118.6 | 106.2 |
| 5-Day average | 108.7 | 107.8 |

*SE Activity 1974. †Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

## TRADING VOLUME IN MAJOR STOCKS

| Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | [illegible] | | | | [illegible] | | | | [illegible] | | | |
| BP | [illegible] | 261 | -2 | ICI | [illegible] | [illegible] | -18 | Rolls Royce | [illegible] | 148 | -3 | Utd. Newspapers | 350 | [illegible] | -5 |
| British Steel | 6,100 | 78½ | +1 | Inchcape | [illegible] | 444 | -15 | Rothmans | [illegible] | [illegible] | -17 | Vodafone | 3,000 | 340½ | -10½ |
| British Telecom | 3,500 | 327½ | -3½ | Kingfisher | 3,100 | 489 | -14 | Ryl Bk Scotland | 1,300 | 178 | -1 | Warburg (SG) | [illegible] | [illegible] | -13 |
| Br. Telecom New | 7,100 | 113 | -4 | Kwik Save | [illegible] | [illegible] | -6 | Royal Insurance | 3,000 | [illegible] | +2 | Wellcome | [illegible] | [illegible] | -8 |
| Bunzl | 318 | [illegible] | +1 | Ladbroke | 5,700 | 226½ | -7½ | Saatchi | 10,000 | 15½ | -½ | Welsh Water | 222 | 371 | -12 |
| Burmah Castrol | 398 | 616 | -7 | Land Securities | 1,300 | 415 | -8 | Sainsbury | 1,900 | 389 | -5 | Wessex Water | 582 | [illegible] | -9 |
| Burton | 2,200 | 38 | -½ | Laporte | 180 | [illegible] | -5 | Scottish & New. | 417 | [illegible] | +1 | Whitbread 'A' | 1,000 | 415 | -18 |
| Cable & Wire. | 2,400 | [illegible] | -13 | Legal & General | [illegible] | 367 | | Scot. Hydro-Elect. | 2,000 | 102½ | -1½ | Williams Hldgs. | [illegible] | 315 | -9 |
| Cadbury Schweppes | 1,800 | 459 | +2 | Lloyds Abbey | [illegible] | 373 | -6 | Scottish Power | 6,300 | [illegible] | -2½ | Willis Corroon | [illegible] | [illegible] | +2 |
| Calor Group | [illegible] | [illegible] | -2 | Lloyds Bank | 1,800 | 401 | -1 | Sears | 3,500 | [illegible] | -3 | Wimpey | [illegible] | 138 | -1 |
| Carlton Comms. | 2,400 | [illegible] | -3 | LASMO | 4,200 | 186½ | -9½ | Sedgwick | [illegible] | 217 | +3 | Wolseley | [illegible] | [illegible] | -8 |
| Coats Viyella | 1,200 | [illegible] | -5 | London Elect. | 1,400 | 270 | -4 | Seeboard | [illegible] | 267 | -7 | Yorkshire Elect. | [illegible] | [illegible] | -5 |
| Comm. Union | 948 | 487 | -2 | Lonrho | 2,800 | 114 | -4 | Severn Trent Water | 3,000 | 331 | -9 | Yorkshire Water | 444 | 372 | -10 |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

UNCERTAINTY over the outcome of the UK general election and the gloomy economic outlook led to heavy stock selling in the futures, writes Joel Kibazo.

Trading in the March contract on the FT-SE started the session at 2,515, but selling by independent traders in the first few minutes sent the contract falling to 2,506. A brief squeeze sent it forward again to 2,520. However, a negative sentiment took hold after 9am and March came under strong selling pressure leading the underlying cash market down. By early afternoon the contracts was trading at 2,482, a low point of the day.

In spite of some sporadic buying at the low levels just before the close, March closed at 2,489, down 63 on the previous session and at a 4-point discount to the cash market. Turnover at over 10,000 lots was heavy.

Further falls were recorded in March in after hours trading, once again leading some dealers to expect a poor opening today. But others believe the falls for the last two days have been overdone.

In LTOM, turnover reached 27,733 lots. The Euro FT-SE option traded 3,238 contracts. British Airways was the busiest stock option, trading a total of 876 lots.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | | |
| [illegible] | | | | | | | |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| Undated | | | | | | | |
| Consols 4pc | | [illegible] | [illegible] | | | | |
| War Loan 3½pc‡‡ | | [illegible] | [illegible] | | | | |
| Conv 3½pc '61 Aft. | | [illegible] | [illegible] | | | | |
| Treas 3pc '66 Aft. | | [illegible] | [illegible] | | | | |
| Consols 2½pc | | [illegible] | [illegible] | | | | |
| Treas. 2½pc | | [illegible] | [illegible] | | | | |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|---|
| Index – Linked | (b) | | | | | | |
| Treas. 2pc '94 | (102.9) | [illegible] | [illegible] | [illegible] | [illegible] | 2.32 | 3.44 |
| [illegible] | | | | | | | |

### OTHER FIXED INTEREST

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

# APPOINTMENTS

## Hunter leaves his footprint

"One of the principal features of our headquarters at present is a lot of empty offices," boasts HunterPrint chief executive Tony Caplin, who is trying to turn round the specialist magazine and catalogue printer.

Another office has just been vacated, notably that of deputy chairman and founder Michael Hunter, who has resigned 15 months after Sir Ian MacGregor, 80 next September, replaced Hunter as chairman in a refinancing operation.

Hunter, 55, once a leading entrepreneur and innovative force in the printing industry, incorporated his company in 1965; but three years ago he slipped up with the timing of his decision to amalgamate operations, previously spread around the country, into a single site at Corby. Probably the most modern web offset plant in the UK under one roof, Corby, however, went up as interest rates soared, the company had great difficulties relocating staff, and HunterPrint teetered on the edge of bankruptcy. Enter Sir Ian and a team including Tony Caplin, previously with First City of Great Britain, the Canadian Belzberg brothers' then UK investment vehicle.

Although the shares are languishing, Caplin, 41, is proud of his record of increased productivity and of a swelling order book – believed by industry insiders to have been boosted recently by a big contract for one of the Sunday supplements.

The new management at HunterPrint had not expected Hunter to want to stay on the board following the rescue in December 1990 and hence were not surprised by his decision to go now.

It is not known whether Hunter has other plans. He retains a 1.4 per cent stake in the company – diluted heavily by the rescue package.

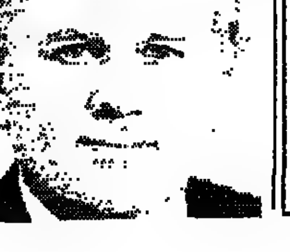
## Running London from Oslo

Den norske Bank, the struggling Norwegian bank, has made Anne Oian the new chairman of its London subsidiary Den norske Bank PLC.

Oian, who has been at the bank since 1974, and, at one level below the main board, ranks as its most senior woman, will remain in Oslo, where she is in charge of group shipping activities – one profitable area of the bank.

She replaces Tom Grondahl, chairman since 1990, who had been head of the international department, but, since the latter was merged with the large corporates division at the beginning of this year, he is looking after international financial institutions.

The Norwegians are also bringing John Simpson (below) back from Hong Kong to become chief executive of Den norske's London operations, which comprises a branch as well as the subsidiary. Simpson returns in May after his secondment as chief executive of Unibank in Hong Kong.



## Departures

■ Stacey Ellis is to take early retirement from *INCHCAPE* from June 5.

■ Richard Wade has resigned from JERSEY ELECTRICITY.

■ David Peters is retiring from FISONS with effect from June 30.

■ Terry Nash has resigned as the chief executive of the CHARTERED INSTITUTE OF MARKETING.

■ David Malcolm is retiring after 36 years with ROYAL INSURANCE.

■ Garnet Harrison, Ryan Cove and Peter Ramsay have resigned from the FIRST *PHILIPPINE* INVESTMENT TRUST.

■ Murray Stuart, previously chief executive of Berisford International, has resigned from HUNTER SAPHIR since he was Berisford's appointee on that board. Ken Dubery, whose responsibilities at Hunter Saphir include food companies which are being sold, is retiring.

## Finance moves

■ *Jonathan Portal, formerly* financial controller of Henderson Administration, is appointed finance director of GROSVENOR VENTURE MANAGERS.

■ Katsuari Rembutsu has been appointed chief executive of DAIWA EUROPE BANK; he replaces Toshio Karigane who has returned to Tokyo. Alex Monnas has been promoted to md of DAIWA EUROPE.

■ Jose Ochoa, formerly with Citibank, has been appointed vice-president of UNION BANK OF SWITZERLAND's private banking division in London.

■ BH Kim, currently general manager of CHO HUNG BANK's Chicago office, is appointed general manager of the bank's London office; he replaces Byung Joo Byun, who will head the bank's international division in Seoul.

■ Philip Bonney has been appointed a director of LLOYDS MERCHANT BANK's corporate finance division; he moves from Hill Samuel.

■ Howard Durey has been appointed personnel director, and Mian Zaheen a director, of LAZARD BROTHERS.

# LONDON SHARE SERVICE

## AMERICANS

| | Notes | Price £ | +or - | 1991/92 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| Abbott Labs | | 34⅞xd | -⅛ | 38⅞ | 20⅞ | 14,831 | 1.9 |
| ♥Allegheny & W | | 312p | — | 395p | 218p | 182.1 | 5.4 |
| Amdahl | | 1095p | -9 | 1159p | 667p | 1,216 | 0.5 |
| Amer Cyanamid | | 36⅛ | -⅛ | 42⅛ | 25⅜ | 3,288 | 2.3 |
| Amer Express | | 12½xd | -⅛ | 17⅞ | 9⅞ | 5,880 | 4.5 |
| Amer T & T | | 22⅞xd | -⅛ | 24½ | 15¾ | 23,882 | 3.3 |
| Ameritech | | 34⅛ | -⅛ | 38⅞ | 32½ | 16,214 | 5.5 |
| BankAmerica | | 23⅛xd | -⅛ | 26⅞ | 12⅞ | 5,482 | 2.9 |
| Bankers NY | | 22⅞xd | -⅛ | 38⅛ | 20⅛ | 2,708 | 8.3 |
| Bell Atlantic | | 24⅝ | — | 30½ | 24⅛ | 8,684 | 5.8 |
| BellSouth | | 28½ | — | 31⅛ | 25 | 12,853 | 5.9 |
| ♥Bethlehem Steel | | 8⅛xd | -⅛ | 11⅛ | 8⅛ | 614.8 | — |
| Bowater | | 1474pxd | — | 1839p | 1042p | 829.5 | 4.6 |
| CPC | | 48⅞xd | -½ | 54⅞ | 37⅞ | 3,684 | 2.5 |
| California Engy | | 701p | -15 | 930p | 420p | 127.8 | — |
| Campbell Soup | h | 28⅞ | -⅛ | 28 | 14⅛ | 5,283 | 1.9 |
| Chase Manhattan | | 13⅛xd | -⅛ | 14⅛ | 5⅞ | 1,081 | 5.1 |
| Chrysler | | 9⅞xd | -⅛ | 16⅛ | 5⅜ | 2,758 | 3.6 |
| Citicorp | | 9⅞xd | -⅛ | 16⅞ | 7⅝ | 3,241 | — |
| Colgate-Palm | | 26⅞xd | -⅛ | 27⅞ | 21⅞ | 3,988 | 2.2 |
| Cont'l Bank | | 880p | -17 | 970p | 435p | 387.5 | 3.8 |
| Dana | | 20⅞xd | -⅛ | 21⅝ | 13⅝ | 860.6 | 4.3 |
| Data General | | 829p | -38 | 1282p | 203p | 172.3 | — |
| Dial | | [illegible] | -⅛ | 29⅛ | 12⅞ | 1,734 | 2.6 |
| Dun & Brad | | 32⅛ | — | 32⅛ | 20⅛ | 5,844 | 3.7 |
| Eaton | | 49 | -⅞ | 61⅞ | 34⅛ | 1,362 | 3.1 |
| Echlin | | 9⅞xd | -⅛ | 9⅞ | 5½ | 551.5 | 4.0 |
| FPL | | 19⅞xd | -⅛ | 20⅛ | 14⅛ | 3,294 | 7.0 |
| Fluor | | 22⅞xd | -⅛ | 30⅞ | 17⅛ | 1,941 | 0.9 |
| Ford Motor | | 21⅛xd | -⅞ | 23⅛ | 13 | 10,050 | 2.7 |
| Gen Elect | | 44⅞xd | -½ | 46⅞ | 29⅞ | 38,888 | 2.6 |
| ♥General Host | | 493p | — | 590p | 270p | — | 4.1 |
| Gillette | | 27⅞xd | -⅛ | 46⅛ | 20⅞ | 4,848 | 1.3 |
| Hasbro | | 21⅞ | -⅛ | 24 | 7⅞ | 1,254 | 0.5 |
| Honeywell | | 42⅛xd | -⅛ | 42⅞ | 21⅛ | 2,937 | 2.2 |
| Houston Inds | | 24½ | +⅛ | 24½ | 17⅞ | 3,158 | 6.8 |
| IBM | | 50⅞xd | -⅞ | 72⅞ | 45 | 29,143 | 5.3 |
| Ingersoll-Rand | | 34⅛xd | -1⅛ | 37½ | 18⅛ | 1,881 | 2.1 |
| Lockheed | | 28⅛ | — | 28⅛ | 16⅛ | 1,864 | 4.3 |
| Lowe's | | 2382p | — | 2470p | 1245p | 838.2 | 1.4 |
| Merrill Lynch | | 32⅛xd | -1 | 38⅞ | 10⅛ | 3,323 | 1.7 |
| Morgan (JP) | | 33⅞xd | -⅞ | 38⅛ | 21⅞ | 6,469 | 3.5 |
| Morris (Philip) | | 44⅞xd | -⅛ | 44⅞ | 25⅞ | 41,214 | 2.8 |
| NYNEX | | 42⅛ | +⅛ | 48⅛ | 39 | 8,544 | 8.1 |
| ♥Pac Agric | | 28p | — | 69p | 15p | — | — |
| PaE | | 15⅞ | -⅛ | 17⅞ | 10⅞ | 1,248 | 1.3 |
| Pennzoil | | 26⅞xd | -½ | 48⅛ | 25⅛ | 1,086 | 8.4 |
| Quaker Oats | | 36⅛ | -1⅛ | 40⅞ | 24⅞ | 2,807 | 2.8 |
| Rockwell | | 16⅛xd | -⅞ | 17⅞ | 12⅛ | 3,481 | 3.5 |
| [illegible] NY | | 23⅛xd | -½ | 27⅞ | 16½ | 1,203 | 2.4 |
| Sears, Roebuck | | 26⅞xd | -⅞ | 28⅞ | 12⅞ | 8,111 | 4.2 |
| Sthwestern Bell | | 35⅛ | -⅛ | 35⅞ | 25⅞ | 10,119 | 4.7 |
| Sun Co | | 16xd | — | 20⅛ | 14⅛ | 1,886 | 6.4 |
| Tenneco | | 22⅛xd | -½ | 27⅛ | 14⅞ | 2,770 | 4.0 |
| Texaco | | 32⅞xd | -⅛ | 40½ | 29⅞ | 8,485 | 5.5 |
| Time Warner | | 62⅛xd | +1⅞ | 84½ | 37⅞ | 3,738 | 0.9 |
| ♥Unilab | | 557p | — | 597p | 250p | 546.3 | — |
| Utd Tech | | 30⅞xd | -⅛ | 31½ | 22⅞ | 3,838 | 3.4 |
| ♥USRtech | | 101p | — | 101p | 42p | — | — |
| US West | | 20½ | — | 23 | 18⅛ | 8,378 | 5.7 |
| Varity | | 744p | -11 | 1410p | 578p | 186.7 | — |
| Waste Manage | | 24⅛xd | -⅛ | 28 | 16⅛ | 11,484 | 1.0 |
| Whirlpool | | 2082pxd | -17 | 2780p | 1053p | 1,798 | 2.4 |
| ♥Woolworth | | 18⅛ | -⅛ | 20⅞ | 12⅛ | 2,182 | 3.7 |

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

| | Notes | Price | +or - | 1991/92 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Redland | H | 491 | -8 | 559 | 416 | 1,537 | 7.4 | 13.0 |
| Ruskol | | 64 | — | 78 | 61 | 9.69 | 9.8 | 6.8 |
| Rugby | | 208 | -4 | 217 | 135 | 394.4 | 4.1 | 15.4 |
| Russell (A) | | 90 | — | 98 | 72 | 28.8 | 3.3 | 18.1 |
| SWP | | 7½ | — | 22 | 7⅛ | 1.88 | 10.7 | 8.2 |
| Sandell | ‡ | 30 | — | 82 | 23 | 8.78 | ‡ | — |
| St Gobain FFr | | £22⅛ | -1⅞ | £28⅛ | £20⅞ | 3,015 | 4.3 | 5.2 |
| Sharpe & Fisher | | 91 | — | 98 | 71 | 18.8 | 5.9 | — |
| Shaw (A) | | 60 | — | 82 | 46 | 6.06 | 9.4 | 28.6 |
| Sheffield Insula | | 78 | — | 101 | 75 | 18.9 | 9.2 | 7.4 |
| Spring Ram | | 100 | -5 | 185 | 82½ | 377.4 | 0.2 | 29.3 |
| Starmin | H | 13½ | — | 22 | 12½ | 44.8 | 3.0 | 27.9 |
| Steetley | | 261 | -5 | 424 | 252 | 398.8 | 4.9 | 19.7 |
| Tarmac | | 118 | -2 | 283 | 95 | 898.2 | 12.7 | 13.3 |
| Tilton | | 127 | +2 | 127 | 40 | 12.8 | 3.4 | 13.8 |
| Travis Perkins | | 214 | -1 | 291 | 175 | 217.5 | 5.0 | 27.5 |
| Tudor | ‡ | 31 | — | 33 | 22 | 1.77 | ‡ | 8.7 |
| Ward Group | ‡ | 88 | — | 208 | 65 | 17.3 | ‡ | 3.0 |
| Wickes | | 95 | — | 100 | 27 | 213.8 | — | — |
| Wilshaw | | 10½ | -⅛ | 12 | 4⅛ | 8.25 | 3.8 | 17.2 |
| Wolseley | | 427 | -5 | 440 | 290 | 1,083 | 3.7 | 19.7 |
| Worcester | † | 148 | -1 | 158 | 67½ | 38.8 | 3.6 | 20.0 |

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## CONTRACTING & CONSTRUCTION - Cont.

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING - AEROSPACE

## ENGINEERING - GENERAL

## ENGINEERING - GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HEALTH & HOUSEHOLD - Cont.

## HOTELS & LEISURE

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

| | Notes | Price | +or - | 1991/92 high | low | Yld Gr's | NAV | Dis or Pm(-) |
|---|---|---|---|---|---|---|---|---|
| Elect & Gen | | 119 | -2 | 128 | 89 | 3.4 | 146.7 | 18.8 |
| Eng & Caled | † | 113 | -1 | 172 | 112 | 3.7 | 182.8 | 38.1 |
| Eng & Scot | sh | 75½ | — | 79 | 52 | 3.1 | 88.6 | 14.8 |
| Warrants | | 15 | — | 25 | 14 | — | — | — |
| English Nat Pfd | | 235 | -3 | 280 | 233 | 8.5 | — | — |
| Dfd | | 173 | -7 | 228 | 163 | 8.7 | 220.0 | 21.3 |
| Ensign | ◆ | 42½ | — | 50 | 17 | 8.3 | — | — |
| B | | 42½ | — | 47 | 17 | — | — | — |
| Equity Consort | † | 438 | — | 485 | 390 | 7.2 | — | — |
| Dfd | | 833 | -7 | 895 | 710 | 8.8 | 949.8 | 12.2 |
| Euro Project | | 39 | -2 | 45 | 30 | 8.7 | 47.9 | 16.5 |
| Warrants | | 8½ | — | 12 | 7 | — | — | — |
| Exeter Prfd Cap | F | 101 | — | 104 | 93 | 8.5 | — | — |
| Zero Deb 2002 | | £36 | — | £36½ | £35 | — | — | — |
| Exmoor Dual | | 37 | -1 | 49 | 34 | 8.5 | 54.8 | 30.8 |
| Inc | † | 124 | — | 134 | 100 | 11.3 | — | — |
| Zero Cpn Pf | | 167 | -1 | 198 | 144 | — | — | — |
| Fidelity Euro Vals | | 90⅛ | -1 | 101½ | 86 | — | 103.2 | 12.8 |
| Warrants | | 26 | — | 28 | 19 | — | — | — |
| First Ireland | | 60 | — | 74 | 53 | 4.7 | 81.0 | 22.3 |
| Warrants | | 7½ | +½ | 17 | 6 | — | — | — |
| First Philippine | | 26 | — | 26 | 22 | 4.9 | 43.9 | 40.8 |
| Warrants | | 4 | — | 10 | 3 | — | — | — |
| First Spanish | | 67 | — | 85 | 54 | 1.8 | 79.4 | 15.6 |
| Warrants | | 16 | -1 | 21 | 14½ | — | — | — |
| Fleming American | | 194xd | -1 | 283 | 130 | 0.8 | 224.9 | 13.7 |
| 7pc Cv Ln '99 | | £132½ | — | £137½ | £127½ | 3.5 | — | — |
| Fleming Claverhse | | 324 | -5 | 369 | 263 | 4.3 | 340.5 | 4.8 |
| Fleming Emrg Mkts | | 108 | -1 | 108 | 86 | — | 114.3 | 5.1 |
| Warrants | | 37 | — | 40 | 24 | — | — | — |
| Fleming Ent | † | 141 | -1 | 167 | 124 | 4.1 | 165.6 | 14.9 |
| Fleming Ext Fldge | | 60 | — | 77 | 53½ | 8.6 | 75.0 | 20.0 |
| Warrants | | 16 | -1 | 24 | 15 | — | — | — |
| Fleming Far East | | 190 | +1 | 225 | 151 | 1.4 | 236.3 | 18.8 |
| Fleming Fledge | s | 237 | — | 249 | 149 | 1.7 | 280.3 | 15.4 |
| Fleming High Inc | † | 86 | — | 105 | 83½ | 9.8 | 81.6 | -5.9 |
| Warrants | | 13 | — | 25 | 11 | — | — | — |
| Fleming Int High | | 30 | — | 38 | 23 | 15.0 | 34.3 | 12.6 |
| Zero Div Pf | | 75 | -½ | 75⅛ | 60½ | — | — | — |
| Fleming Japan | h | 141 | -1 | 165⅞ | 108⅛ | 0.6 | 144.1 | 2.2 |
| Fleming Merc | | 228½ | -1½ | 241 | 187 | 3.9 | 275.8 | 17.1 |
| Fleming O'seas | | 194½ | — | 212½ | 147½ | 2.7 | 239.2 | 18.6 |
| Fleming Univ | | 220 | -2 | 244 | 184 | 1.7 | 235.5 | 6.8 |
| Foreign & Col | | 171xd | -2 | 182 | 124 | 2.6 | 188.6 | 9.4 |
| For & Col Ent | s | 32xd | — | 35½ | 23⅛ | 1.7 | 44.7 | 28.4 |
| For & Col Euro | | 168 | — | 180 | 140 | 0.8 | 170.6 | 1.5 |
| For & Col [illegible] | | 93 | -1 | 110 | 80 | 0.2 | 111.2 | 16.5 |
| Warrants | | 30 | — | 41 | 24 | — | — | — |
| For & Col High | | 48 | — | 58 | 30½ | 8.5 | 54.7 | 11.8 |
| For & Col Pac | s | 185 | — | 234 | 125 | 1.1 | 211.1 | 12.4 |
| Warrants | | 115 | +1 | 133 | 75 | — | — | — |
| For & Col Small | M | 94 | -1 | 108 | 84½ | 2.8 | 107.3 | 12.4 |
| French Prop | | 51xd | — | 75 | 42½ | 2.8 | 74.7 | 32.4 |
| Warrants | | 7 | — | 25 | 5 | — | — | — |
| Fulcrum Inc | | 68 | — | 86 | 58 | 88.4 | — | — |
| Cap | | 10½ | — | 12 | 9 | — | 10.6 | 4.5 |

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## LONDON SHARE SERVICE

### INVESTMENT TRUSTS - Cont.

| | Notes | Price | +or - | 1991/92 high | low | Yld Gr's | NAV | Dis or Pm(-) |
|---|---|---|---|---|---|---|---|---|
| Scot National Inc. | | 91½ | — | 118 | 91½ | 12.9 | — | — |
| Cap. | | 27 | -1 | 88 | 27 | — | 18.1 | -55.0 |
| Stepped Pf. | † | 130½ | -1 | 133½ | 113 | 6.4 | — | — |
| Zero Div Pf. | | 171 | — | 172½ | 141 | — | — | — |
| Warrants | | 8½ | — | 18 | 8½ | — | — | — |
| Scot Value | s | 55½ | — | 57 | 45¾ | 2.8 | 57.9 | 3.4 |
| Sec Alliance | † | 1180 | -10 | 1255 | 882 | 4.0 | 1360.2 | 13.3 |
| Second Market | s | 236 | — | 236 | 199 | 0.9 | 280.0 | 15.7 |
| Sec Tst Scot | † | 68½ | -½ | 76 | 57½ | 6.8 | 72.8 | 5.9 |
| Select Assets | | 90 | — | 102 | 71 | [illegible] | 107.6 | [illegible] |
| Eq Ind Ser I | | 113 | -1 | 121 | 89 | 6.1 | — | — |
| Eq Ind Ser II | | 113 | -1 | 121 | 89 | 6.1 | — | — |
| Shires | † | 215xd | -4 | 289 | 191 | 11.0 | 225.3 | 4.6 |
| 11pc Cv Ln '03/04 | | £105½ | — | £120½ | £97½ | 10.4 | — | — |
| Siam Select | | 88 | — | 89 | 78 | 1.5 | 103.2 | 14.7 |
| Warrants | | 18½ | — | 31 | 17 | — | — | — |
| Smaller Cos. | | 73 | — | 83 | 60 | 4.8 | 83.1 | 12.2 |
| Warrants | | 18 | -1 | 25 | 16 | — | — | — |
| Sphere Inc. | | 15½ | -½ | 53 | 15½ | 33.3 | 23.6 | 34.5 |
| Zero Div Pf. | | 60½ | -½ | 60¾ | 58¾ | — | — | — |
| Warrants | | 0¾ | — | 9½ | 0¾ | — | — | — |
| Stratton | | 156 | -1 | 180 | 120 | [illegible] | 1096 | 17.1 |
| Suraft | | 48xd | -8 | 118 | 38 | 4.2 | 100.0 | 62.0 |
| TR City of Lon. | M | 105½ | -1 | 121¼ | 80 | 6.1 | 110.5 | 4.6 |
| TR Euro Growth | s | 88 | — | 104 | 78 | 1.5 | 101.4 | 13.2 |
| Ptg Sub | s | 51 | — | 58 | 40 | 2.8 | — | — |
| TR Far East Inc. | | 88 | — | 94 | 68 | 6.2 | 101.3 | 12.2 |
| Warrants | | 13 | — | 23 | 12 | — | — | — |
| TR High Inc. | | 97xd | — | 115 | 85 | [illegible] | [illegible] | [illegible] |
| Sub | O | 31 | — | 35 | 24 | 8.5 | — | — |
| TR Pacific | s | 87xd | +2 | 92 | 49 | 0.4 | 97.6 | 10.8 |
| TR Prop. | | 23½ | -½ | 37 | 23½ | 8.2 | 33.5 | 29.8 |
| TR Smaller | | 126 | -1 | 155 | 98 | 3.8 | 148.5 | 15.2 |
| TR Technology | M | 35½ | -1½ | 52 | 20 | 6.9 | 128.2 | 71.2 |
| Stepped Pf. | | 94¾ | — | 94¾ | 70½ | 7.5 | — | — |
| Zero Pf. | | 188 | -1 | 174½ | 117½ | — | — | — |

### MERCHANT BANKS - Cont.

| | Notes | Price | +or - | 1991/92 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| Hambros | † | 201 | -11 | 302 | 204 | 458.4 | 8.5 |
| 7½pc Cv Pf. | | 100 | -2 | 125 | 90 | 103.5 | 9.2 |
| Joseph (L) | | 330 | — | 413 | 323 | 17.2 | 8.4 |
| Kleinwort Benson | | 235xd | -12 | 377 | 233 | 388.4 | 9.0 |
| Rea Bros | | 28 | — | 46 | 24 | 11.4 | 2.3 |
| Schroders | † | 1005 | -2 | 1140 | 640 | 550.9 | 1.7 |
| N/V | † | 840 | -6 | 953 | 423 | 123.4 | 2.0 |
| Singer & Fried | | 45 | — | 58 | 33 | 88.5 | 7.7 |
| Warburg (SG) | † | 631 | -13 | 688 | 314 | 1,103 | 4.0 |
| 8pc Cv Pf. | | 190 | -2 | 202 | 109 | 78.6 | 4.4 |
| Wintrust | | 229 | — | 353 | 223 | 16.9 | 5.6 |

### METALS & METAL FORMING

| | Notes | Price | +or - | 1991/92 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| ASW | | 148 | +1 | 278 | 131 | 97.4 | 8.5 |
| Apollo Metals | | 149 | — | 149 | 113 | 18.3 | 3.3 |
| Ash & Lacy | | 148 | — | 168 | 89 | 90.9 | 5.8 |
| Barrett (H) | | 34 | — | 115 | 33 | 14.8 | 7.8 |
| Billam (J) | | 118 | — | 118 | 60 | 1.91 | 4.9 |
| Bradway | | 15½ | — | 19 | 11 | 11.9 | 4.4 |
| Brit Steel | | 75½ | +1 | 148 | 61 | 1,518 | 15.8 |
| Bromsgrove | M | 103 | -1 | 141½ | 90½ | 68.1 | 5.2 |
| BCL | | 22 | — | 35 | 22 | 19.8 | 12.4 |
| Castings | † | 128 | — | 139 | 78 | 27.4 | 3.9 |
| Chamber & Hill | | 88 | — | 100 | 85 | 6.94 | 8.1 |
| Clayhithe | M | 38 | — | 82¾ | 35 | 6.25 | 6.8 |
| 9½pc Cv 2000-1 | | £87½ | — | 100 | £82½ | 8.51 | 14.1 |
| Cohen (A) | | 395 | — | 595 | 350 | 6.59 | 8.7 |
| Cook (Wm) | † | 288 | -1 | 304 | 203 | 68.5 | 6.9 |
| Cooper (F) | | 58 | — | 60 | 48 | 10.9 | 9.5 |
| Cronite | | 31 | — | 48 | 12 | 5.04 | — |
| Downiebrae | | 30 | — | 38 | 27 | 8.30 | 3.7 |
| Firth (GM) | ‡ | 28 | — | 49 | 18 | 9.44 | ‡ |

[illegible]

### MISCELLANEOUS

[illegible]

### INVESTMENT COMPANIES

[illegible]

### MEDIA

[illegible]

### MOTORS

[illegible]

### MERCHANT BANKS

[illegible]

### OIL & GAS

[illegible]

### OIL & GAS - Cont.

[illegible]

### OTHER FINANCIAL

[illegible]

### OTHER INDUSTRIAL MATERIALS

[illegible]

### PACKAGING, PAPER & PRINTING

[illegible]

### PACKAGING, PAPER & PRINTING - Cont.

[illegible]

### PROPERTY

[illegible]

### STORES

[illegible]

### STORES - Cont.

[illegible]

### TELEPHONE NETWORKS

[illegible]

### TEXTILES

[illegible]

### TRANSPORT

[illegible]

### WATER

[illegible]

### SOUTH AFRICANS

[illegible]

### PLANTATIONS

[illegible]

### MINES

[illegible]

### MINES - Cont.

[illegible]

### GUIDE TO LONDON SHARE SERVICE

[illegible]

payment. | prospectus or other | Z Dividend yield to date.

‡ Indicated dividend yield, p/e ratio based on latest annual earnings. | official estimates for 1992-93 | Abbreviations: xd ex dividend;

u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. | L Estimated annualised yield, p/e based on latest annual earnings. | xc ex scrip issue; xr ex rights;

| M Yield based on prospectus or other | xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

## AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

[illegible]

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Life Assurance and Unit Trust Regulatory Organisation, Centre Point, [illegible] Tel: 071 – [illegible]

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Standard Life Tst Mgmt Ltd (0629)H** | | | | | | |
| 3 George St, Edinburgh EH2 2XZ 0800 393777 | | | | | | |
| Managed Acc | 5¼ | 36.28 | 36.28 | 38.55 | -0.6 | 2.09 |
| UK Equity Gth Acc | 5¼ | 49.99 | 50.89 | 54.08 | -0.8 | 1.79 |
| UK Eq High Inc Inc | 5¼ | 29.03 | 29.72 | 31.58 | -0.6 | 5.80 |
| UK Eq High Inc Acc | 5¼ | 32.64 | 33.42 | 35.51 | -0.7 | 5.80 |
| UK Equity Gen Acc | 5¼ | 46.05 | 46.78 | 49.71 | -0.9 | 3.23 |
| UK Equity Gen Inc | 5¼ | 36.03 | 36.61 | 38.90 | -0.7 | 3.23 |
| UK Larger Cos Acc F | 7½ | 306.9 | 310.8 | 337.3 | -6.3 | 4.51 |
| UK Larger Cos Inc F | 7½ | 247.1 | 250.3 | 271.6 | -5.0 | 4.51 |
| Gilt & Fxd Int Inc | 5¼ | 27.99 | 28.05 | 29.67 | -0.2 | 7.21 |
| Glbl Larg Cos Acc F | 7½ | 207.7 | 211.3 | 229.5 | -3.4 | 1.88 |
| N American Acc | 5¼ | 36.46 | 36.63 | 38.92 | -0.5 | 0.96 |
| Far East Acc | 5¼ | 38.09 | 39.04 | 41.49 | -0.6 | 0.13 |
| European Acc | 5¼ | 35.56 | 36.93 | 39.24 | -0.3 | 1.51 |
| **Stewart Ivory Unit Tst Mgrs Ltd (1200)H** | | | | | | |
| 45 Charlotte Sq, Edinburgh 031-226 3271 | | | | | | |
| American ♥ | 5 | 297.0 | 297.0 | 316.9 | -4.7 | 0.70 |
| (Accum Units) ♥ | 5 | 349.6 | 349.6 | 373.0 | -5.5 | 0.70 |
| British | 5 | 784.2 | 801.6 | 848.1 | -10.7 | 6.12 |
| (Accum Units) | 5 | 1315.1 | 1344.3 | 1422.3 | -17.9 | 6.12 |
| European | 5 | 340.9 | 340.9 | 363.2 | +1.4 | 1.38 |
| (Accum Units) | 5 | 369.5 | 369.5 | 393.7 | +1.5 | 1.38 |
| Japan | 5 | 101.2 | 101.2 | 107.7 | -0.3 | — |
| (Accum Units) | 5 | 102.0 | 102.0 | 108.6 | -0.3 | — |
| New Pacific | 5 | 200.6 | 200.6 | 214.1 | +0.6 | 1.60 |
| (Accum Units) | 5 | 206.0 | 206.0 | 219.9 | +0.6 | 1.60 |
| PEP Mar 11 | 5 | 150.1 | 151.5 | 160.3 | — | 3.50 |
| Mngd Equity | 5 | 126.1 | 127.4 | 134.8 | -1.0 | 2.79 |
| Mngd Equity Acc | 5 | 133.8 | 135.2 | 143.0 | -1.1 | 2.79 |
| Mngd Cash | 0 | 96.80 | 96.80 | 96.80 | — | 10.25 |
| (Accum Units) | 0 | 119.4 | 119.4 | 119.4 | — | 10.25 |
| Majority Stlg | 1 | 100.79 | 100.79 | 101.79 | +0.02 | 9.98 |
| Majority Stlg Acc | 1 | 109.76 | 109.76 | 110.95 | +0.02 | 9.98 |
| **Storebrand Intl Inv Mngrs Ltd (1200)F** | | | | | | |
| Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex. Enquiries: 0277 227300 Dealing: 0277 261010 | | | | | | |
| International Feb 28 | 0 | 51.36 | 51.36 | 51.75 | — | 3.17 |
| **Sun Alliance Unit Tst Mngmt Ltd (1200)F** | | | | | | |
| St Mark's Court, Horsham 0403 232323 | | | | | | |

| | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|
| **Henderson Unit Trust Management Ltd** | | | | |
| Pensions Mngd | 53.0 | 54.15 | -0.61 | 3.84 |
| **INVESCO MIM Management Ltd** | | | | |
| Exempt Funds | | | | |
| Intl Mngd P'Folio | 1171.0 | 1264.0 | — | — |
| Mngd Pens (Acc) | 67.6 | 72.1 | — | — |
| **Lazard Brothers & Co. Ltd** | | | | |
| Property Sept 5 | £2440.0 | 2580.0 | — | 7.00 |
| Inc Gth Prp Jul 31 | £1379.0 | 1460.0 | — | 8.98 |
| **Lazard Investors Ltd ‡‡** | | | | |
| Exempt Funds | | | | |
| Small Co's Mar 11 | £4016.3 | 4187.4 | — | 3.79 |
| European Mar 11 | £592.1 | 598.7 | — | 1.46 |
| American Mar 11 | £375.5 | 379.1 | — | 2.14 |
| Japan Mar 11 | £432.6 | 438.0 | — | 1.49 |
| Pacific Mar 11 | £149.5 | 153.4 | — | 1.13 |
| W Midlands Jan 31 | £132.00 | 147.00 | — | 2.48 |
| **Local Authorities Mutual Invest. Tst.*** | | | | |
| 2 Fore Street, London EC2Y 5AQ 071-588 1815 | | | | |
| Property Feb 29 | 196.75 | 200.75 | — | 7.98 |
| Equity Feb 29 | 898.25 | 912.00 | — | 3.76 |
| * Available only to Local Authorities | | | | |
| **M & G Securities Ltd** | | | | |
| Charifund Mar 11 | 102.68 | | -0.7 | 10.5 |
| (Accum Units) | 621.84 | | -4.4 | 10.5 |
| NAACIF Mar 10 | 40.50 | | — | 9.51 |
| **Morgan Grenfell Investment Funds Ltd** | | | | |
| Exempt Funds | | | | |
| UK Equity † Mar 10 | 128.5 | 138.5 | — | 1.96 |
| UK Small Co † Mar 10 | 523.6 | 573.3 | — | 3.49 |
| Fixed Interest † Mar 10 | 111.5 | 117.3 | — | 8.54 |
| US Small Co Mar 10 | 180.6 | 193.3 | — | 0.00 |
| Managed Mar 10 | 109.0 | 116.9 | — | 3.40 |
| Intl Bond Mar 10 | 121.9 | 128.6 | — | 9.97 |
| Japan Mar 10 | 64.73 | 69.01 | — | 4.26 |
| European Mar 10 | 92.78 | 99.32 | — | 1.71 |
| Nth American Mar 10 | 123.2 | 132.5 | — | 1.20 |
| **Murray Johnstone UT Mngmt** | | | | |

**Allied Dunbar Assurance Plc—Contd.**

| | Bid Price |
|---|---|
| Ser 4 | |
| Fixed Int Dep Acc | 27.6 |
| Equity Acc | 27.8 |
| Property Acc | 22.8 |
| Far East Acc | 23.0 |
| European Acc | 22.9 |
| Managed Acc | 26.9 |
| Overseas Acc | 27.8 |
| Gilt Acc | 29.4 |
| Am Equity Acc | 28.3 |
| Am Managed Acc | 27.5 |
| Am Property Acc | 21.9 |
| High Income Acc | 23.9 |
| High Income Ser 2 | 23.9 |
| Pension Funds | |
| F.I.Dep.Cap. | 365.5 |
| F.I.Dep.Acc. | 689.4 |
| Prop. Cap. | 497.9 |
| Prop. Acc. | 1038.7 |
| Man. Cap | 879.7 |
| Man. Acc. | 1835.4 |
| Gilt Edged Cap. | 371.3 |
| Gilt Edg. Acc. | 631.6 |
| Eq. Cap. | 1433.5 |
| Eq. Acc | 2264.9 |
| Am. Eq Cap | 200.0 |
| Am. Eq Acc. | 284.9 |
| Far East Cap | 205.3 |
| Far East Acc. | 273.0 |
| Euro Cap. | 31.3 |
| Euro. Acc. | 37.5 |
| O.S. Cap. | 425.0 |
| O.S. Acc. | 784.4 |
| D.A.F. Cap. | 329.3 |
| D.A.F. Acc. | 537.7 |
| Mortgage Cap. | 198.0 |
| Mortgage Acc. | 263.4 |
| Sterling Funds | |
| Pen Eqs Cap. | 30.9 |
| Pen Eqs Acc. | 35.4 |

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● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Norwich Union Life Insurance Soc.–Contd.** | | | | |
| Pensionvestor* & Unit-Linked Plus* | | | | |
| Mixed Fund | 445 6 | 469 1 | -2.0 | - |
| Ordinary Share Fund | 670.4 | 705.7 | -1.4 | - |
| International Fund | 174 3 | 183.5 | -1.9 | - |
| Property Fund | 258.9 | 272.5 | +0 3 | - |
| Fixed Interest Fund | 392 6 | 413.3 | -4 6 | - |
| Index-Linked Sec Fund | 191.2 | 201.3 | -2 5 | - |
| Deposit Fund | 277 4 | 292.0 | +0 3 | - |
| Norwich Units Feb 14 | 1053.70 | | .. | - |
| *Prices as at March 10 | | | | |
| Jersey Investment Plan | | | | |
| With Profits Fund | 122.48 | 128 92 | +0.03 | - |
| Intl Equity Fund | 94 17 | 99 13 | -0 69 | - |
| Intl Bond Fund | 121.68 | 128 09 | -0.36 | - |
| **Norwich Union Pensions Management Ltd** | | | | |
| Surrey Street, Norwich NR1 3NG 0603 683335 | | | | |
| Group Pooled Pensions | | | | |
| Balanced Managed Fd | 316.30 | 321 73 | -4 74 | - |
| Growth Managed Fd | 105 12 | 107 03 | -1 80 | - |
| Sentinel Managed Fd | 104 14 | 105 60 | -1.23 | - |
| Prices as at March 11 | | | | |
| **Pearl Assurance (Unit Funds) Ltd** | | | | |
| Thorpe Wood, Peterborough PE3 6SA 0733 63212 | | | | |
| Prop Dist (Gross) | 133 8 | 140 9 | +0 1 | - |
| Prop Acc (Gross) | 255 1 | 268.5 | +0 1 | - |
| Equity (Gross) | 852.3 | 897.2 | -16 7 | - |
| Managed (Gross) | 596 8 | 628.2 | -9 2 | - |
| Prop Acc (Net) | 121 7 | 128 1 | | - |
| Equity (Net) | 197 9 | 208.3 | -3 5 | - |
| Managed (Net) | 184 1 | 193 8 | -2.5 | - |
| International (Net) | 168 0 | 176 9 | -1 1 | - |
| Gilt & Fxd Interest | 132.4 | 139 4 | -0 4 | - |
| Money Fund | 137 1 | 144.3 | .... | - |
| Mixed Fund (Cap) | 116 8 | 123 0 | .. | - |
| Mixed Fund (Acc) | 120.1 | 126.5 | .. | - |
| Pearl Assurance Unit Linked Pens Ltd | | | | |
| Ret Man (Series 1) | 649 0 | 683 2 | -11.0 | - |
| Ret Man (Series 2) | 220 1 | 231.7 | -3 8 | - |
| Ret Cash | 191.6 | 201.6 | . | - |
| Pens Mixed Fd (Cap) | 129 9 | 136 8 | .. | - |
| Pens Mixed Fd (Acc) | 133 7 | 140 8 | .. | - |
| Pens Stig Fd (Cap) | 101.6 | 107 0 | ... | - |
| Pens Stig Fd (Acc) | 104 5 | 110 0 | .. | - |
| **Pegasus Assurance Ltd** | | | | |
| Broad Quay Bristol BS1 4DJ 0272 230271 | | | | |
| Life Funds | | | | |
| Managed Aggressive | 103 6 | 109 1 | +0 1 | - |
| Managed Balanced | 100 5 | 105 8 | +0.2 | - |
| Managed Cautious | 110 8 | 116 7 | +0.2 | - |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Provident Mutual Life Assc. Assn.–Contd.** | | | | |
| Fixed Interest Ord | 218 0 | 229.5 | -0 6 | - |
| Fixed Interest Init | 160.6 | 169.1 | -0.4 | - |
| Deposit Ord | 183.2 | 192.8 | +0.1 | - |
| Deposit Init | 135.0 | 142.1 | +0.1 | - |
| Pension Funds | | | | |
| Managed Ord | 456 8 | 480 8 | -5.8 | - |
| Managed Init | 336.5 | 354 2 | -4.4 | - |
| Equity Ord | 689.1 | 725 4 | -13 4 | - |
| Equity Init | 507 7 | 534 4 | -10 | - |
| Pen Ind Lkd Gilt Ord | 179.7 | 189.2 | -0.9 | - |
| Pen Ind Lkd Gilt Init | 138.3 | 145 6 | -0 7 | - |
| Overseas Equity Ord | 320 5 | 337 4 | -2 6 | - |
| Overseas Equity Init | 236.2 | 248 6 | -1.9 | - |
| Property Ord | 278.5 | 293 2 | - | - |
| Property Init | 205.2 | 216.0 | - | - |
| Fixed Interest Ord | 275 7 | 290.2 | -0 9 | - |
| Fixed Interest Init | 203.1 | 213 8 | -0 7 | - |
| Deposit Ord | 261 0 | 274 7 | +0.1 | - |
| Deposit Init | 192.3 | 202.4 | ---- | - |
| **Prudential Assurance Co** | | | | |
| Holborn Bars, London EC1N 2NH 071-405 9222 | | | | |
| Prufund | | | | |
| Managed Mar 11 | 259.7 | 270.6 | ... | - |
| **Prudential Corporate Pension Funds** | | | | |
| 1 Stephen St London W1P 2AP 071-548 3281 | | | | |
| Prudential Managed Funds | | | | |
| Discretionary Mar 12 | £186.50 | 191.39 | +1.04 | - |
| Equity Mar 12 | £210 00 | 217.14 | +1.41 | - |
| International Mar 12 | £28 68 | 29 28 | +0.25 | - |
| Intl Bond Mar 12 | £14.81 | 15 01 | +0.16 | - |
| Fixed Int Mar 12 | £100.29 | 101.43 | -0 79 | - |
| Index Linked Mar 12 | £73 12 | 74 04 | -0.5 | - |
| Property Mar 12 | £106 80 | 112 92 | | - |
| Cash Mar 12 | £29 9104 | 29 9104 | +0 0575 | - |
| Pre-Linked Retirement Plan | | | | |
| Managed Mar 3 | 447.3 | 466.0 | ... | - |
| Cash Mar 3 | 275.2 | 286.7 | ... | - |
| Prudential Pensions Investment Account | | | | |
| Pens Mngd Mar 12 | 178.6 | 192.2 | -0.6 | - |
| Pns UK Eq Mar 12 | 312.8 | 337.2 | -1 6 | - |
| Pens Intl Mar 12 | 203.3 | 218 6 | +0.5 | - |
| Pens Global Eqty Mar 12 | 100.4 | 105.7 | -0 3 | - |
| Pens Fixed Mar 12 | 226 6 | 239.3 | -2.1 | - |
| Pens Index Lk Mar 12 | 188.1 | 198.6 | -1 4 | - |
| Pens Property Mar 12 | 88 5 | 93.2 | - | - |
| Pens Cash Mar 12 | 179.4 | 189.1 | ... | - |
| Money Purchase Plan | | | | |
| Discretionary Mar 12 | 98.3 | 105.3 | -0.6 | - |
| Equity Mar 12 | 98 41 | 105.7 | -1.8 | - |

## OFFSHORE INSURANCES

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## LUXEMBOURG (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar up but sterling totters

THE DOLLAR pushed upwards after surprisingly strong US retail sales figures yesterday afternoon but climbed less quickly than analysts expected, *writes Neil Buckley*.

Sterling, meanwhile, had a very shaky day as political nervousness gripped the markets. It was down more than a pfennig against the D-mark and a cent against the dollar, with the sterling index sliding from 90.3 to 89.7.

The dollar climbed more than 1½ pfennigs in late European trade after US retail sales figures for February jumped 1.3 per cent, compared with the 0.7 per cent expected. This was from a January base that was revised upwards to a 2.1 per cent increase, rather than the 0.6 per cent first reported.

"The strength of the figures suggest the dollar will rise even further," said Mr Gerard Lyons, chief economist at DKB International. "I'm surprised the immediate reaction wasn't stronger."

A 20,000 rise in the US weekly jobless claims to 459,000 was largely ignored by the market, as the dollar pushed up to DM1.6735 from a DM1.6655/65 start. Against the yen, it rose to Y134.20 from Y133.55.

Dealers said a big sell order sitting at DM1.6740 may have slowed the dollar's rise, with a few speculators, including a major middle east operator, deciding to take profits. But most felt the dollar was still firmly on an upward trend, and would soon breach the DM1.68 and Y135 barriers.

In late Asian trading it had remained strong, and broke the Y134 barrier for the first time in six months. It finished at Y134.00 and DM1.6690.

Dealers said the market was trading on sentiment, and ignoring the rather haphazard attempts at intervention by the Bank of Japan the day before.

Attempts by Mr Yasushi Mieno, BoJ governor, to dampen speculation about an imminent Japanese interest rate cut by saying the bank's monetary policy remained unchanged, had little effect.

In the EMS, both sterling and the peseta moved downwards against the D-mark, with disappointing Spanish inflation figures ruling out a Bank of Spain rate cut.

Sterling dropped more than a pfennig to DM2.8578/85, against DM2.8715/20 on Wednesday, and as it was close to its effective floor against the top-placed peseta, it tended to drag the Spanish currency down with it. It briefly dropped below its floor following the London close.

Sterling also slumped against the dollar, to $1.7104, from $1.7240 on Wednesday.

"The combination of a poorly received-Budget and electoral uncertainty has produced a very weak sterling," Mr Lyons said.

"It looks vulnerable, and in the next few weeks it will be driven not by economic factors, but by the opinion polls."

Dealers warned that good showings by the Labour Party in this weekend's opinion polls could see the Bank of England having to underpin sterling.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Mar 12 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 129.002 | -3.46 | 6.13 | 60 |
| Dutch Guilder | 2.31643 | 2.30007 | -0.71 | [illegible] | 31 |
| Belgian Franc | 42.4032 | 42.0609 | -0.81 | 3.29 | 36 |
| D-Mark | 2.05586 | 2.04387 | -0.58 | 3.05 | 33 |
| Italian Lira | 1538.24 | 1532.12 | -0.40 | 2.86 | 26 |
| Irish Punt | 0.767417 | 0.766288 | -0.15 | 2.60 | 3 |
| French Franc | 6.89509 | [illegible] | 0.68 | 1.77 | -41 |
| Danish Krone | 7.84195 | 7.92957 | 1.12 | [illegible] | -54 |
| Sterling | 0.696904 | 0.714003 | 2.45 | [illegible] | [illegible] |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

### £ IN NEW YORK

| Mar 12 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7115-1.7125 | 1.7275-1.7285 |
| 1 month | 0.93-0.91pm | 0.94-0.92pm |
| 3 months | 2.66-2.63pm | 2.68-2.65pm |
| 12 months | 8.75-8.65pm | 8.63-8.53pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Mar 12 | Previous |
|---|---|---|
| 8.30 am | [illegible] | [illegible] |
| 9.00 am | [illegible] | [illegible] |
| 10.00 am | [illegible] | [illegible] |
| 11.00 am | [illegible] | [illegible] |
| Noon | [illegible] | [illegible] |
| 1.00 pm | [illegible] | [illegible] |
| 2.00 pm | [illegible] | [illegible] |
| 3.00 pm | [illegible] | [illegible] |
| 4.00 pm | [illegible] | [illegible] |

### POUND SPOT - FORWARD AGAINST THE POUND

| Mar 12 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.7025 - 1.7195 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | 2.0380 - 2.0545 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Netherlands | 3.2100 - 3.2235 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | 58.80 - 58.95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

### CURRENCY MOVEMENTS

[illegible]

### CURRENCY RATES

[illegible]

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

### EURO-CURRENCY INTEREST RATES

| Mar 12 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D-Mark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | 12 - 10 | 12¼ - 11¾ | 12¼ - 11¾ | 12 - 11½ | 12 - 11½ | [illegible] |
| Belgian Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Danish Krone | 10 - 9¾ | 10 - 9¾ | 10 - 9¾ | 10 - 9¾ | 10 - 9¾ | 10 - 9¾ |
| Asian $Sing | 3 - 2⅞ | 3 - 2⅞ | [illegible] | [illegible] | [illegible] | [illegible] |

Long term Eurodollars: two years 6¼-6 per cent, three years 6⅞-6⅝ per cent, four years 7⅛-7 per cent; five years 7⅜-7¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### OTHER CURRENCIES

| Mar 12 | £ | $ |
|---|---|---|
| [illegible] | [illegible] | [illegible] |
| S.Af (Cm) | 4.9505 - 4.9620 | 2.8885 - 2.8900 |
| S.Af (Fn) | 6.5025 - 6.6280 | 3.8025 - 3.8760 |
| Taiwan | 42.75 - 42.90 | 25.00 - 25.10 |
| U.A.E. | 6.2690 - 6.3460 | 3.6715 - 3.6735 |

*Floating rate Iran Official rate £114.75 $67.20

### EXCHANGE CROSS RATES

| Mar.12 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. | Lira | C$ | B Fr. | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.709 | 2.860 | 229.3 | 9.705 | 2.588 | 3.215 | 2142 | 2.039 | 58.90 | 1.398 |
| $ | 0.585 | 1 | 1.673 | 134.2 | 5.679 | 1.514 | 1.881 | 1253 | 1.193 | 34.46 | 0.818 |
| DM | 0.350 | 0.598 | 1 | 80.17 | 3.393 | 0.905 | 1.124 | 749.0 | 0.713 | 20.59 | 0.489 |
| YEN | 4.361 | 7.453 | 12.47 | 1000. | 42.32 | 11.29 | 14.02 | 9341 | 8.892 | 256.9 | 6.097 |
| F Fr. | 1.030 | 1.761 | 2.947 | 236.3 | 10 | 2.667 | 3.313 | 2207 | 2.101 | 60.69 | 1.440 |
| S Fr. | 0.386 | 0.660 | 1.105 | 88.60 | 3.750 | 1 | 1.242 | 827.7 | 0.788 | 22.76 | 0.540 |
| N Fl. | 0.311 | 0.532 | 0.890 | 71.32 | 3.019 | 0.805 | 1 | 666.3 | 0.634 | 18.32 | 0.435 |
| Lira | 0.467 | 0.798 | 1.335 | 107.0 | 4.531 | 1.208 | 1.501 | 1000 | 0.952 | 27.50 | 0.653 |
| C$ | 0.490 | 0.838 | 1.403 | 112.5 | 4.760 | 1.269 | 1.577 | 1051 | 1 | 28.89 | 0.686 |
| B Fr. | 1.698 | 2.902 | 4.856 | 389.3 | 16.48 | 4.394 | 5.458 | 3637 | 3.462 | 100. | 2.374 |
| Ecu | 0.715 | 1.222 | 2.046 | 164.0 | 6.942 | 1.851 | 2.300 | 1532 | 1.459 | 42.13 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000 Belgian Fr per 100.

## MONEY MARKETS

# Gloom grips traders

GLOOM spread over the UK money market yesterday, with rates firming across the board and the prospect of great uncertainty ahead.

A bigger-than-expected rise in Spanish inflation (0.7 per cent against 0.3 per cent) left the Spanish authorities without room to make another interest rate cut. That, together with a fall in sterling, dealt a final blow to hopes of a cut in the UK.

"The market is fighting scared. It's scared of a change of government or of a hung parliament, the PSBR is a horror story, and there seems to be no end in sight to the recession," said one dealer.

"There seems to be nothing to relieve the gloom, and the feeling is if the base rate is going in any direction, it might be up."

Sterling interbank rates reflected this by going above a normal 10¼ per cent gearing, with the whole spectrum from the one week to one year at between 10⅜ and 10¾ per cent.

The key three-month interbank rate firmed $\frac{1}{16}$ to $10\frac{11}{16}$-$10\frac{9}{16}$.

Heavy selling caused the June sterling contract to tumble from 89.56 to a low of 89.31, defying expectations of strong support at 89.42, recovering only to 89.34.

Day-to-day funding was easier, although overnight rates drifted up from 10⅞-10¾ per cent to 11¼-11 before late lending by the Bank of England brought them down to 11-10¾ per cent.

The Bank forecast a shortage of around £700m, but did not operate on the early round. At midday, it revised the forecast down to £650m, and purchased £207m band 1 bank bills and £54m band 2 bank bills, both at 10⅜ per cent.

The forecast was later revised back to £700m, and the Bank purchased a further £125m band 1 bank bills, and £16m band 2 bank bills, both at 10⅜ per cent. It provided late assistance of £170m.

German call money rates remained locked at 9.55/65 per cent, with no sign of easing, although high reserve levels and a DM3.1bn injection by the Bundesbank on Wednesday were preventing a rise.

The Federal Reserve added reserves to the US banking system through four-day system repurchase agreements, to cover a shortage caused by the maintenance period ending on March 18. Federal funds were trading at $3\frac{15}{16}$ per cent, below the Fed's presumed 4 per cent target.

**UK clearing bank base lending rate 10.5 per cent from September 4, 1991**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Mar 12) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 4⅛ | offer 4¼ | bid 4½ | offer 4⅝ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK**

| Lunchtime | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 6½ | One month | 3.83 | Three year | 6.17 |
| Broker loan rate | 6 | Two month | 4.08 | Five year | 7.01 |
| Fed funds | 3½ | Three month | 4.10 | Seven year | 7.30 |
| Fed funds at intervention | - | Six month | 4.31 | 10-year | 7.60 |
| | | One year | 4.67 | 30-year | 8.04 |
| | | Two year | 5.70 | | |

| Mar 12 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 9.50-9.60 | 9.60-9.70 | 9.60-9.70 | 9.60-9.70 | 9.55-9.65 | 9.75 |
| Paris | 9⅞-10⅛ | 9⅞-10 | 9⅞-10 | 9$\frac{15}{16}$-10$\frac{1}{16}$ | 9$\frac{13}{16}$-9$\frac{15}{16}$ | 9.60 |
| Zurich | 6⅞-7⅛ | 8½-8¼ | - | 8⅝-8½ | - | - |
| Amsterdam | - | - | - | - | - | - |
| Tokyo | 5⅜-5$\frac{11}{32}$ | 5¼-5⅛ | - | 5¼-5⅛ | - | - |
| Milan | 12-12¼ | 12⅜-12½ | - | 12⅝-12⅛ | - | - |
| Brussels | 9.56-9.62 | 9$\frac{9}{16}$-9$\frac{11}{16}$ | - | 9$\frac{9}{16}$-9$\frac{11}{16}$ | - | - |
| Dublin | 10⅝-10⅞ | 10$\frac{9}{16}$-10$\frac{11}{16}$ | 10½-10⅝ | 10½-10⅝ | 10½-10⅝ | - |

### LONDON MONEY RATES

| Mar 12 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 11¼ | 10⅝ | 10$\frac{11}{16}$ | 10$\frac{13}{16}$ | 10¾ | 10¾ |
| Interbank Bid | 10⅞ | 10½ | 10$\frac{9}{16}$ | 10$\frac{9}{16}$ | 10$\frac{9}{16}$ | 10⅝ |
| Sterling CDs | - | - | 10⅝ | 10$\frac{13}{16}$ | 10⅝ | 10$\frac{11}{16}$ |
| Local Authority Deps. | 10¾ | 10½ | 10$\frac{9}{16}$ | 10½ | 10⅝ | 10½ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | 10¾ | 10⅜ | - | - | - | - |
| Company Deposits | - | - | 10$\frac{11}{16}$ | 10⅝ | 10⅝ | 10⅝ |
| Finance House Deposits | - | - | 10⅝ | 10⅝ | 10$\frac{11}{16}$ | 10$\frac{11}{16}$ |
| Treasury Bills (Buy) | - | - | 10⅛ | 10$\frac{1}{16}$ | 9¾ | - |
| Bank Bills (Buy) | - | - | 10¼ | 10¼ | 10 | - |
| Fine Trade Bills (Buy) | - | - | - | - | - | - |
| Dollar CDs | - | - | 4.30 | 4.32 | 4.52 | 5.00 |
| SDR Linked Dep. Offer | - | - | 6⅜ | 6⅜ | 6½ | 6⅝ |
| SDR Linked Dep. Bid | - | - | 6¼ | 6¼ | 6⅜ | 6½ |
| ECU Linked Dep. Offer | - | - | 10 | 10⅛ | 10⅛ | 10 |
| ECU Linked Dep. Bid | - | - | 9⅞ | 10 | 10 | 9⅞ |

Treasury Bills (sell), one-month 10⅛ per cent; three months 9$\frac{31}{32}$ per cent; six months 9⅞ per cent. Bank Bills (sell) one-month 10$\frac{3}{16}$ per cent; three months 10$\frac{3}{16}$ per cent. Treasury Bills: Average tender rate of discount 9.8971 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1992. Agreed rates for period Mar 25, 1992 to April 25, 1992, Scheme I 11.67 p.c. Schemes II & III 11.64 p.c. Reference rate for period Feb 1, 1992 to February 28, 1992, Scheme IV&V 10.433 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from March 1, 1992. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 7 per cent, one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent, nine-twelve months 9 per cent. Under £100,000 7 per cent from Sept 5 1991. Deposits withdrawn for cash 5 per cent.

## FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT [illegible]

US TREASURY BONDS [illegible]

6% NOTIONAL GERMAN GOVT. BUND [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND [illegible]

6% NOTIONAL ECU BOND [illegible]

12% NOTIONAL ITALIAN GOVT. BOND (BTP) [illegible]

THREE MONTH STERLING [illegible]

THREE MONTH EURODOLLAR [illegible]

THREE MONTH EUROMARK [illegible]

THREE MONTH ECU [illegible]

THREE MONTH EURO SWISS FRANC [illegible]

FT-SE 100 INDEX [illegible]

FT-SE EUROTRACK 100 INDEX [illegible]

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

BRITISH POUND (IMM) [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

SWISS FRANC (IMM) [illegible]

PHILADELPHIA SE £/$ OPTIONS [illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) [illegible]

CAC-40 FUTURES (MATIF) [illegible]

ECU BOND (MATIF)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| June | 108.20 | 107.98 | -0.20 | 108.22 | 107.80 | 8.73 | 3,870 |

Estimated volume 10,387 Total Open Interest 10,825

OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls June | Calls September | Calls December | Puts June | Puts September | Puts December |
|---|---|---|---|---|---|---|
| 106 | - | - | - | 0.13 | - | - |
| 107 | - | - | - | 0.28 | - | - |
| 108 | 0.99 | - | - | 0.59 | 1.00 | - |
| 109 | 0.49 | - | - | 1.10 | - | - |
| 110 | 0.22 | 0.65 | - | - | - | - |
| 111 | 0.08 | - | - | - | - | - |
| 112 | 0.03 | 0.22 | - | - | - | - |
| Open Int. | 88,461 | 12,220 | 650 | 69,479 | 5,813 | 650 |

Estimated volume 26,279 Total Open Interest 177,273

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.7085 | 1.6995 | 1.6820 | 1.6583 | 1.6217 |

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Credit Lyonnais | 10.5 | McDonnell Douglas Bank | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Midland Bank | 10.5 |
| AIB Bank | 10.5 | Dunbar Bank PLC | 10.5 | Mount Banking | 10.5 |
| ● Henry Ansbacher | 10.5 | Duncan Lawrie | 10.5 | NatWestminster | 10.5 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10.5 | Northern Bank Ltd | 10.5 |
| Bank of Baroda | 10.5 | Exeter Bank Limited | 11 | Nykredit Mortgage Bank | 11 |
| Banco Bilbao Vizcaya | 10.5 | Financial & Gen. Bank | 11 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10.5 | First National Bank Plc | 14 | Roxburghe Bank Ltd. | 11.5 |
| Bank of Ireland | 10.5 | ● Robert Fleming & Co. | 10.5 | Royal Bk of Scotland | 10.5 |
| Bank of India | 10.5 | Robert Fraser & Ptnrs. | 11 | ● Smith & Williamson Secs. | 10.5 |
| Bank of Scotland | 10.5 | Girobank | 10.5 | Standard Chartered | 10.5 |
| Banque Belge Ltd | 10.5 | ● Guinness Mahon | 10.5 | TSB | 10.5 |
| Barclays Bank | 10.5 | ● Hambros Bank | 10.5 | Unibank plc | 10.5 |
| Benchmark Bank | 11 | Hampshire Trust Plc | 13.5 | ● United Bk of Kuwait | 10.5 |
| Brit Bk of Mid East | 10.5 | Heritable & Gen Inv Bnk. | 10.5 | Unity Trust Bank Plc | 10.5 |
| ● Brown Shipley | 10.5 | ● Hill Samuel | 10.5 | Western Trust | 10.5 |
| CL Bank Nederland | 10.5 | C. Hoare & Co. | 10.5 | Westpac Bank Corp. | 10.5 |
| Citibank NA | 10.5 | Hongkong & Shanghai | 10.5 | Whiteaway Laidlaw | 10.5 |
| City Merchants Bank | 10.5 | Julian Hodge Bank | 10.5 | Yorkshire Bank | 10.5 |
| Clydesdale Bank | 10.5 | ● Leopold Joseph & Sons | 10.5 | ● Members of British Merchant Banking & Securities Houses Association. | |
| Co-operative Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Coutts & Co | 10.5 | Meghraj Bank Ltd | 10.5 | | |

# MONEY MARKET FUNDS

## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

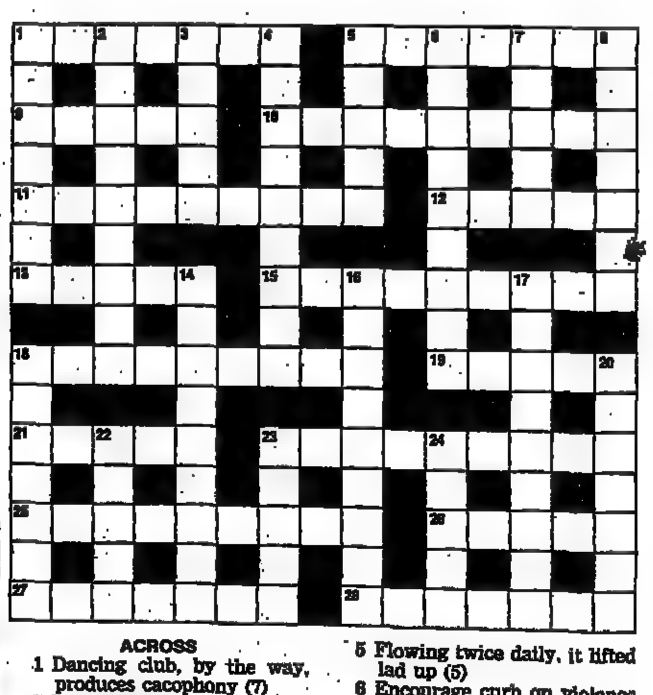
| | Gross | Net | CAR | Int Cr |
|---|---|---|---|---|
| £2,000-£24,999 | [illegible] | [illegible] | [illegible] | Qtr |
| £25,000-£99,999 | 9.00 | [illegible] | [illegible] | Qtr |
| £100,000+ | 9.50 | 7.13 | 9.84 | Qtr |

Windsor & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485
High Int Cheque Acc | 10.60 | 7.95 | 11.03 | Qtr

NOTES— Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

# CROSSWORD

No.7,797 Set by FETTLER



**ACROSS**

1 Dancing club, by the way, produces cacophony (7)
5 Dog register (7)
9 Anti-Irish poem (5)
10 This is no ball-game for poor potter (9)
11 Clay potty's supplying food (9)
12 Fellow, real wild, real wild (5)
13 Breaking truce is void (5)
15 Tiro borer mucked up material for pipe (9)
18 Stop restraining one left with great power (9)
19 It's not an odd time for a happening (5)
21 After second baptism, radical returned sanctimonious (5)
23 Lucky aristocrat, whose ends are to be surrounded by great wealth (9)
25 Black genius composed Niger duet (9)
26 Cooks chips (5)
27 Renounced reversion in these degenerate times (7)
28 Straightens out old nurses (7)

**DOWN**

1 Be off course, by the way, having teed off round (7)
2 Doubtful virtues of Norman villeinage (9)
3 See old boy, gone to seed, is overweight (5)
4 Being asleep up on board is contentious (9)
5 Flowing twice daily, it lifted lad up (5)
6 Encourage curb on violence (9)
7 To incarcerate without end is, in effect, to bury (5)
8 There's little call for such a curl nowadays (7)
14 Young vagrant is treading under (9)
16 See house-surgeon, covering against start of epidemic, interrupt operation (9)
17 Last of the above's light work (9)
18 Return catch, with runs for the other batsman (7)
20 Being believers, the saints take one in (7)
22 Philistine deity or god, an odd combination (5)
23 Cast recovered (5)
24 It's fun to be incapable (5)

**Solution to Puzzle No.7,796**

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| C | O | P | P | E | R | | C | O | M | P | O | S | E | D |
| O | | A | | L | | L | | V | | L | | T | | E |
| N | A | R | R | A | T | E | | E | W | E | L | A | M | B |
| S | | T | | N | | M | | R | | A | | K | | A |
| O | A | R | S | | C | O | N | S | I | S | T | E | N | T |
| M | | I | | A | | N | | E | | A | | | | E |
| M | A | D | A | M | E | | M | A | D | N | E | S | S | |
| E | | G | | B | | S | | S | | T | | T | | R |
| | R | E | S | U | M | E | D | | M | E | N | A | C | E |
| L | | | | L | | D | | P | | R | | T | | V |
| E | X | T | R | A | D | I | T | E | S | | C | E | D | E |
| G | | O | | N | | M | | A | | I | | M | | R |
| A | R | T | I | C | L | E | | R | E | D | R | E | S | S |
| T | | U | | E | | N | | L | | L | | N | | E |
| O | P | P | O | S | I | T | E | | R | E | S | T | E | D |

# WORLD STOCK MARKETS

**AUSTRIA**

| March 12 | Sch | + or − |
|---|---|---|
| Austrian Airlines | 2,615 | +40 |
| Creditanstalt Pf | 529 | −6 |
| EA General | 3,735 | −15 |
| EVN | 842 | −9 |
| Jungbunzlauer | 11,200 | −100 |
| OeMV | 970 | −12 |
| Perlmooser Zement | 1,580 | +10 |
| Radex Heraklith | 550 | −10 |
| Reininghaus Brau | 1,699 | −2 |
| Steyr Daimler | 236 | −1 |
| Veitscher Magnesit | 366 | −15 |
| Verbund (Br) A | 529 | −1 |
| Wienerberger | 4,830 | −30 |
| Z-Laenderbank | 1,100 | +10 |

**BELGIUM/LUXEMBOURG**

| March 12 | Frs. | + or − |
|---|---|---|
| ACEC-Union Min | 2,380 | −100 |
| AG Group | 2,155 | −25 |
| Arbed | 4,120 | ... |
| BBL | 3,440 | ... |
| Bank Intl a Lux | 12,000 | ... |
| Banq Gen Lux Pts | 11,650 | ... |
| Barco | 1,286 | −14 |
| Bekaert | 11,600 | −100 |
| CBR Ciment | 8,550 | +40 |
| Cobepa | 4,930 | ... |
| Cobepa AFV 1 | 4,810 | ... |
| Cockerill Priv | 163 | ... |
| Colruyt | 4,710 | −50 |
| Delhaize Frs Lion | 9,100 | ... |
| Electrabel | 4,885 | −15 |

**FRANCE (continued)**

| March 12 | Frs. |
|---|---|
| Bongrain | 2,886 |
| Bouygues | 604 |
| CSIP | 1,243 |
| C M B Packaging | 195.20 |
| Canal+ | 1,095 |
| Cap Gemini S | 328 |
| Carrefour | 2,552 |
| Casino | 165.50 |
| Cetelem | 815 |
| Chargeurs | 1,196 |
| Club Mediterranee | 533 |
| Cogifi | 350 |
| Coparex | 655 |
| C C F | 196 |
| Cr Fonc France | 1,001 |
| Cred Lyon (CI) | 571 |
| Credit National | 1,080 |
| Damart | 2,720 |
| Docks de France | 414 |
| Dollfus Mieg Cie | 305 |
| EBF | 800 |
| Eaux Cie Gen | 2,264 |
| Ecco | 424 |
| Elf-Aquitaine | 360.20 |
| Elf-Aquitaine Certs | 247 |
| Essilor Int | 396 |
| Etex | 1,800 |
| Eurafrance | 1,593 |
| Eurocom | 615 |
| Euro Disney | 160.60 |
| Exor | 1,480 |
| Finextel | 123.90 |

## CANADA

**TORONTO**

*3:00 pm prices March 12*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 59400 | Cara Op | $6⅝ | 6½ | 6⅝ | |
| 4700 | Cascades | $7½ | 7⅜ | 7⅜ | −⅛ |
| 5100 | Celanese | $45 | 45 | 45 | −⅛ |
| 10000 | Cntrl Cap | 32 | 32 | 32 | +1 |
| 12100 | Cinepx Odn | 325 | 325 | 325 | +5 |
| 2000 | Cntrl Fd A | 450 | 450 | 455 | |
| 5500 | Cominco | $20¾ | 20½ | 20½ | −⅛ |
| 6600 | Copulsing | 85 | 80 | 80 | |
| 1400 | Jannock | $17⅞ | 17⅞ | 17⅞ | |
| 300 | KerrAddis | $16⅛ | 16⅛ | 16⅛ | |
| 25600 | Labatt | $25⅛ | 25 | 25⅛ | +⅛ |
| 240000 | Lac Minls | $8 | d7⅞ | 7⅞ | −⅛ |
| 300 | Lafarge | $17⅞ | 17⅞ | 17⅞ | |
| 49000 | Laidlaw A | $12⅛ | 12 | 12⅛ | −⅛ |
| 109200 | Laidlaw B | $12⅛ | 11⅞ | 12⅛ | |
| 300 | Laurent Bk | $20⅛ | 20⅛ | 20⅛ | |

**MONTREAL**

*3:00 pm prices March 12*

## INDICES

**NEW YORK**

| DOW JONES | Mar 11 | Mar 10 | Mar 9 | Mar 6 | 1992 HIGH | 1992 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Industrials | 3208.63 | 3230.99 | 3215.12 | 3221.60 | 3290.25 (3/3) | 3172.41 (2/1) | 3290.25 (3/3/92) | 41.22 (2/7/32) |
| Home Bonds | 98.98 | 99.06 | 99.02 | 98.95 | 99.81 (6/2) | 98.56 (24/2) | 99.81 (6/2/92) | 54.99 (1/10/81) |
| Transport | 1389.95 | 1406.67 | 1404.90 | 1413.12 | 1467.66 (20/2) | 1342.12 (2/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 204.56 | 205.12 | 204.43 | 202.55 | 225.59 (3/1) | 202.55 (6/3) | 236.23 (2/1/90) | 10.50 (8/4/32) |

(Day's High 3242.17 (3259.17) Low 3189.85 (3207.29))

| STANDARD AND POOR'S | Mar 11 | Mar 10 | Mar 9 | Mar 6 | 1992 HIGH | 1992 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 404.03 | 406.89 | 405.21 | 404.44 | 420.77 (15/1) | 404.03 (11/3) | 420.77 (15/1/92) | 4.40 (1/6/32) |
| Industrials | 480.63 | 483.94 | 481.82 | 481.54 | 499.27 (15/1) | 480.63 (11/3) | 499.27 (15/1/92) | 3.62 (21/6/32) |
| Financial | 33.84 | 34.25 | 33.98 | 33.67 | 36.14 (15/1) | 33.53 (31/1) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 223.95 | 225.02 | 224.15 | 223.79 | 231.85 (15/1) | 223.55 (11/3) | 231.85 (15/1/92) | 4.46 (28/4/42) |
| Amex Mkt. Value | 405.85 | 408.54 | 407.21 | [illegible] | 418.99 (12/2) | 395.51 (2/1) | 418.99 (12/2/92) | 29.31 (9/12/72) |
| NASDAQ Composite | 617.14 | 623.46 | 615.82 | 615.95 | 644.92 (12/2) | 586.45 (2/1) | 644.92 (12/2/92) | 54.87 (31/10/72) |

| | Mar 6 | Feb 28 | Feb 21 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 2.84 | 2.79 | 2.78 | 3.40 |

| | Mar 4 | Feb 26 | Feb 19 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.61 | 2.57 | 2.60 | 2.19 |
| S & P Ind. P/E ratio | 28.61 | 29.03 | 25.03 | 17.77 |

**NEW YORK ACTIVE STOCKS**

**TRADING ACTIVITY**

**CANADA**

| TORONTO | Mar 11 | Mar 10 | Mar 9 | Mar 6 | 1992 HIGH | 1992 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3030.39 | 3079.29 | 3064.28 | 3070.39 | 3238.87 (16/1) | 2935.22 (2/1) |
| Composite | 3503.57 | 3529.93 | 3518.57 | 3530.84 | 3666.00 (16/1) | 3493.66 (2/1) |
| MONTREAL Portfolio | 1836.39 | 1851.51 | 1842.59 | 1846.08 | 1937.59 (16/1) | 1835.23 (11/3) |

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| WORLD | | |
|---|---|---|
| M.S. Capital Intl (1/1/70) (S) | 491.4* | 494.8 |
| Euro Top-100 (26/6/90) | 920.23 | 930.95 |

**Saturday March 7: Taiwan Weighted Price: 4986. ♦ Subject to official recalculation.
Base values of all indices are 100 except: Austria Traded ... and DAX − 1,000, JSE Gold − 255.7, JSE 25 Industrials ... Closed. (u) Unavailable.

## TOKYO - Most Active Stocks

Thursday March 12 1992

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Okamoto | 13.4m | 1,370 | +70 |
| Nippon Mining | 9.7m | 300 | - |
| Nippon Zeon | 8.5m | 705 | +25 |
| Japan Storage | 6.4m | 1,210 | +40 |
| Tobu Rail | 4.7m | 770 | - |
| Nippon Steel | 3.8m | 310 | + |
| Penta-Ocean | 3.8m | 968 | + |
| Kanebo | 3.8m | 521 | + |
| Hitachi | 3.5m | 781 | + |
| Gunma Bank | 3.5m | 1,070 | − |

3:00 pm prices March 12

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1992 High | Low | Stock | Div. | Yld % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 15½ | 12½ | AAR Corp | 0.48 | 3.3 | 16 | 163 | 14⅝ | 14½ | 14⅝ | -⅛ |
| 26 | 20⅝ | A L Labs A | 0.16 | 0.7 | 101 | 165 | 21⅞ | 21⅝ | 21⅝ | -⅛ |
| 66¾ | 56½ | AMP Inc | 1.52 | 2.5 | 24 | 655 | 60⅜ | 59⅞ | 60¼ | +¼ |
| 80¼ | 66⅛ | AMR | | | | 264741 | 77⅞ | 75¾ | 77¼ | +2⅛ |
| 2⅛ | 1⅝ | ARX | | | 2 | 3 | 1⅞ | 1⅞ | 2 | |
| 53½ | 45½ | ASA | 2.75 | 6.0 | 13 | 348 | 46 | d45¼ | 45½ | -1 |
| 68⅛ | 59⅝ | Abbott Lab | 1.20 | 2.0 | 23 | 3193 | 60¼ | 59½ | 59⅞ | |
| 13½ | 12⅛ | Abitibi Pr | 0.43 | 3.3 | 27 | 2 | 13 | 13 | 13 | |
| 11⅝ | 10⅜ | ACM Gvt In | 0.96 | 9.2 | | 390 | 10½ | d10⅜ | 10⅜ | -⅛ |
| 10⅝ | 9⅛ | ACM GvOpp x | 0.80 | 8.5 | | 94 | 9⅝ | 9¼ | 9⅜ | |
| 9½ | 8⅝ | ACM Gvt Sc x | 0.80 | 9.1 | | 276 | 8¾ | 8⅝ | 8¾ | |
| 11⅞ | 10⅛ | ACM Gvt Se | 0.96 | 9.1 | | 1878 | 10½ | 10⅜ | 10½ | +⅛ |
| 9⅛ | 8⅝ | ACM Man x | 0.95 | 10.6 | | 344 | 9 | 8⅞ | 9 | |
| 12⅞ | 10⅞ | ACM Manged x | 1.08 | 9.6 | | 50 | 11⅜ | 11¼ | 11¼ | -⅛ |
| 10⅝ | 7 | Acme Cleve | 0.40 | 4.0 | 18 | 93 | 9⅞ | 9¾ | 9⅞ | +⅛ |
| 6¼ | 4½ | Acme Elect | | | 4 | 25 | 6⅛ | 5⅞ | 6⅛ | +⅛ |
| 33¼ | 19½ | Acuson | | | 13 | 1192 | 21⅛ | 20⅝ | 20⅝ | -⅛ |
| 19⅜ | 18½ | Adams Expr | 0.48 | 2.5 | 0 | 30 | 18⅞ | 18¾ | 18⅞ | |
| 19½ | 13 | Adobe12PF | 2.40 | 16.7 | | 20 | 14⅜ | 14¼ | 14⅜ | |
| 5⅝ | 4½ | Adobe Res | | | 2 | 67 | 5 | 5 | 5 | |
| 49⅛ | 40½ | Ad Micro | 3.00 | 6.9 | | 304 | 43½ | 43 | 43¼ | +¼ |
| 21½ | 16½ | Ad Micro P | 3.00 | 16.8 | 11 | 5078 | 18⅛ | 17½ | 17⅞ | |
| 9⅛ | 5 | Advest Grp | 0.16 | 2.1 | 31 | 93 | 7⅜ | 7⅝ | 7⅜ | |
| 71⅛ | 67⅛ | Aegon ADR | | | 6 | 2 | 67⅛ | 67⅛ | 67⅛ | -⅝ |
| 47 | 39 | Aetna Lf | 2.76 | 6.3 | 9 | 898 | 44 | 43⅛ | 43⅞ | -⅛ |
| 12 | 6½ | Afill A | 0.24 | 2.3 | 73 | 554 | 10⅜ | 10⅛ | 10¼ | -⅛ |
| 32⅞ | 28 | Aflac | 0.40 | 1.4 | 16 | 788 | 29⅛ | 28⅞ | 29⅛ | -⅛ |
| 19⅜ | 15⅝ | Ahmanson | 0.88 | 5.2 | | 82806 | 17⅛ | 16⅞ | 17 | -⅛ |
| 22½ | 15 | Aileen Inc | | | 15 | 55 | 17⅛ | 17⅝ | 17⅛ | +⅛ |
| 43⅛ | 36½ | Air Pr Chm | 0.80 | 1.9 | 18 | 1050 | 43 | 42¼ | 42½ | -½ |

\- B -

\- C -

\- D -

\- E -

\- F -

\- G -

\- H -

\- I -

\- J -

\- K -

\- L -

\- M -

\- N -

\- O -

\- P - Q -

\- R -

Continued on next page

## NYSE COMPOSITE PRICES

Continued from previous page

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 82¼ | 69½ | Xerox x | 3.00 | 4.0 | | 144349 | 74⅛ | 73½ | 74 | -1 |
| 55½ | 50½ | Xerox4.125 x | | | | 8 | 52 | 52 | 52½ | |
| 27½ | 24⅞ | Xtra 1.94 | 1.94 | 7.3 | | 8 | 26½ | 26¼ | 26⅜ | -⅛ |
| 34⅞ | 28½ | Xtra Corp | 0.80 | 2.4 | 14 | 212 | 33⅞ | 33¼ | 33¼ | |
| 27 | 25¼ | Yankee Egy | 1.50 | 6.1 | 12 | 66 | 26⅛ | 26 | 25⅞ | -⅛ |
| 1½ | ⅞ | Zapata | | | 51 | 368 | 1¼ | 1⅛ | 1¼ | |
| 11⅞ | 7¼ | ZenithElec | | | 4 | 219 | 8⅞ | 8⅜ | 8⅜ | -⅛ |
| 17¼ | 14½ | Zenith Nat | 1.00 | 6.0 | 7 | 46 | 16⅞ | 16½ | 16⅝ | -⅛ |
| 6⅞ | 5 | Zenix Inc | 0.84 | 12.4 | | 115 | d6⅞ | 6⅞ | 6⅞ | |
| 13⅞ | 11¼ | Zero Corp | 0.40 | 3.1 | 19 | 107 | 13 | 12⅞ | 12⅞ | -⅛ |
| 38 | 34½ | Zurn Ind x | 0.88 | 2.4 | 15 | 86 | 36⅞ | 35⅞ | 35⅞ | -⅞ |
| 14⅞ | 12¾ | Zweig Fund | 1.16 | 8.8 | | 557 | 13¼ | 13 | 13¼ | |
| 11 | 9⅞ | Zweig Totl x | 0.85 | 8.4 | | 991 | 10⅛ | 10¼ | 10¼ | -⅛ |

*Price data supplied by Telekurs.*

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

## AMEX COMPOSITE PRICES

*3:00 pm prices March 12*

## NASDAQ NATIONAL MARKET

*3:00 pm prices March 12*

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

AMERICA

# Retail shares mixed as Dow stages recovery

## Wall Street

US equities recovered from a weak start to stand slightly higher at midsession, *writes Karen Zagor in New York*.

At 1.30 pm, the Dow Jones Industrial Average was 0.67 higher at 3,209.30, after falling as low at 3,194.32 in the morning. Volume on the NYSE was unexceptional, with 100m shares changing hands by 12.30 pm. In spite of the Dow's mid-morning recovery, declining issues led those advancing by a ratio of two to one and the broadly-based Standard & Poor's 500 was 0.14 lower at 403.89 at 12.30 pm.

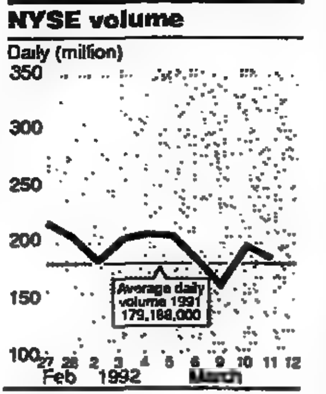
Silicon Graphics plummeted $5¼ to $21¾ in unusually heavy volume after the company agreed to acquire Mips Computer Systems in a stock-swap merger. Mips soared $2 to $13 in active over-the-counter trading.

Retail stocks were actively traded. Lands End, the big US catalogue retailer, climbed $1⅝ to $34⅞ on the back of fourth quarter earnings of $1.10 a share, up from 78 cents a year earlier.

In contrast, Dayton Hudson saw operating profit fall in all three of its divisions for the year. Same store sales rose by only 2 per cent year-on-year for the group overall. Dayton Hudson tumbled $3 to $63⅞ on the results

Wal-Mart firmed $⅛ to $52½ after boosting its quarterly dividend from 4.25 cents a share to 5.25 cents a share. Traditionally, the discount retailer has been a low-yielding stock, since the company has preferred to plough money back into the business.

### NYSE volume



Gap Stores rose $½ to $43¼ on unexpectedly strong February sales.

Schlumberger added $¾ to $55⅝ after Goldman Sachs repeated a "buy" rating on the stock. Dresser Industries slipped $⅛ to $19¾ and Halliburton held steady at $25¾.

Shares in Black & Decker, the US power tool and home appliance maker, fell $1¼ to $23⅛ on news that it had filed for a public offering of shares in its information systems and services business. Black & Decker also filed to offer 18m of its own stock. The shares are expected to bring in net proceeds of up about $350m, including the repayment of some inter-company debts.

In the secondary market, the Nasdaq composite was quoted 2.11 lower at 615.03 at midsession.

## Canada

TORONTO saw the TSE-300 composite index break below its 40-week moving average at midday on fears of higher interest rates. The TSE 300 fell 28.6 to the day's low of 3,475.0, declines leading advances by 290 to 118 in volume of 17.5m shares valued at C$135.2m.

Canadian bonds fell on on stronger US retail sales. Three-month T-bills were yielding 7.62 per cent, or 16 basis points above last week's average auction price. Analysts expected the Bank of Canada to raise its key rate later in the day.

# Battle of wits sways Indian equities

**State-owned institutions are trying to control the market's bulls, says R.C. Murthy**

This week has seen a battle of wits in the Bombay equity market, between bullish traders on one side, and state-owned mutual funds and other institutional investors on the other.

After hitting a peak on Monday, as the bull market accelerated following the budget on February 29, the BSE index took successive plunges on Tuesday and Wednesday as institutions sold heavily to cool the overheated bourse; but the bull players could not be denied yesterday, when the index recovered 78.29, or 2.5 per cent, to 3,241.97.

This week's concerted action by institutional investors interrupted a four-month bull run. Acting on a warning from the governor of the Reserve Bank of India, the country's central bank, the institutions focused on key shares such as Tata Iron and Steel, and Reliance Industries, to have the maximum psychological effect.

Equities fell 10.8 per cent over Tuesday and Wednesday; Mr Hemendra Kothari, BSE president, had said that a 15 per cent correction would be healthy. However, while state-owned investment houses continued their selling yesterday, this was quickly mopped up by big bulls who renewed their buying on end-account considerations, aiming to push up prices and reduce the margin money they have to pay on long positions.

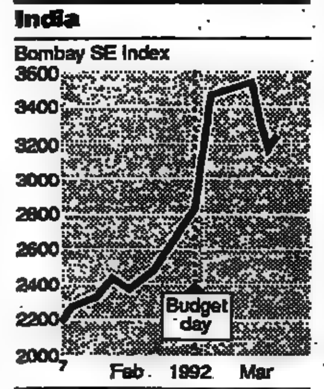
The February 29 budget exempted investment in shares from wealth tax, and brought a flood of money into equities from commodities and other markets.

On top of that, a win for the minority PV Narasimha Rao administration in parliament on Monday was seen as a vote of confidence for market-friendly policies.

Share prices nearly trebled in local currency terms between early July, when the BSE index stood at 1,293.67, to last Monday's 3,547.60 peak. The proposed opening up of the stock market to overseas pension funds, which is part of the budgetary package, will tighten equity market liquidity even further, unless the overseas funds decide to wait till the market settles to what they see as realistic levels.

They may have currency reservations. The rupee has now been devalued twice over the past eight months, by a total of nearly 28 per cent – first in July by 18.8 per cent and again last week by 9.1 per cent. A dollar fetches Rs29.32, against Rs21.14 in early July.

### India



However, this has still left Indian share values nearly doubling in dollar terms over the past eight months against a trebling in local currency terms; and the 9.1 per cent rupee depreciation last week was part of a budget package which made the rupee partly convertible, by allowing exporters to sell on the market 60 per cent of their foreign currency earnings.

Under a dual rate system, the free market price is hovering around Rs29.50, against the official rate of Rs25.92 to the dollar applicable to 40 per cent of export earnings.

Foreign exchange dealers expect the rupee to depreciate by another 5 to 10 per cent later this month, as importers enter the market to cover their foreign currency needs for overseas debt servicing. But this has actually helped export-oriented and other foreign currency-earning companies, and they are expected to get a further boost if the rupee depreciates further.

The Birla-owned Century Textile and Industries has appreciated by Rs2,850 to Rs9,800 over the past two months; Essar Shipping has nearly doubled to Rs112.50; and Great Eastern Shipping has risen 40 per cent to Rs157.50.

Meanwhile, four Indian companies – Tata Steel, Reliance Industries, Essat Gujarat and the Birla-owned Grasim Industries – plan to hit the Euro-equity market to raise $400m to $500m over the next six months.

Their price-earnings ratios, which range from 15.8 for Essar Gujarat to 47.4 per cent for Tata Steel, are lower than many others. Hoechst India is on a p/e ratio of 108, Indo-Gulf Fertilisers on 65 and Colgate-Palmolive India on 59.

All four companies have major expansion projects, which should enhance earnings after they become operational. Traders predict that share prices of the four will rise further. They reckon that Tata Steel, which has retreated to Rs450 after hitting Rs502 last week, will touch Rs600 later this year.

Mr Kothari says a major correction should come in May or earlier when the corporate results season may not match up to expectations. "But in the long run," he adds, "we are all bullish."

ASIA PACIFIC

# Tokyo and Hong Kong continue to diverge

## Tokyo

SHARE prices edged down on continued selling by corporate investors and investment trusts, and closed a volatile day's trading at another new low since October 1990, *writes Emiko Terazono in Tokyo*.

The Nikkei average lost 30.26 to 20,561.88 after a low of 20,331.60 in the morning and a high of 20,713.90 in the afternoon. The index fluctuated late in the day on index-linked trading, related to the exercise of options contracts and arbitrage ahead of today's settlement of March futures contracts.

Volume increased to 280m shares from 250m. Declines led advances by 557 to 401, with 161 issues unchanged. The Topix index of all first section stocks slipped 6.27 to 1,427.21, as a total of 256 issues set new lows since the start of last year, but in London the ISE/Nikkei 50 index picked up 6.20 to 1,123.48.

Traders said today's special quotation, or settlement for futures and options contracts, was creating less concern than usual among market participants due to the smaller arbitrage cash positions against the March futures.

However, some dealers noted the possibility of large arbitrage unwinding, since the price difference between the futures and cash indices has been narrower than on previous occasions, providing less incentive for arbitrageurs to roll over positions.

Companies and investment trusts were seen liquidating holdings of large-capital stocks and high-technology issues in the morning. However, bargain hunting by foreign investors lifted blue chips, which have been heavily sold during the past week. Nippon Steel improved Y5 to Y310 and Hitachi also Y5 to Y761.

Short-term traders targeted drug and Aids-related issues. Okamoto, the most active issue of the day, advanced Y70 to Y1,370 and Nippon Zeon climbed Y35 to Y765.

Nippon Mining forged ahead Y43 to Y500. The stock had been suspended by the stock exchange ahead of the announcement of its merger with Kyodo Oil.

On the negative side, brokers continued to lose ground on concern over a growing scandal involving securities houses trying to window-dress client's accounts, by selling loss-making investments to other clients.

Daiwa Securities, which will incur losses of up to Y73.5bn due to irregular trading practices, fell Y29 to Y746. Investors were alarmed by the size of Daiwa's loss, and were concerned about further revelations within the industry. Nomura Securities lost Y30 to Y1,130 and Nikko Securities fell Y40 to Y602.

Other financials were also weak, with Tokio Marine and Fire down Y34 to Y986 and Yasuda Fire and Marine losing Y35 to Y653. Nippon Telegraph and Telephone fell Y2,000 to a new all-time low of Y664,000.

In Osaka, the OSE average eased 3.53 to 22,051.07 in volume of 157.6m shares.

## Roundup

HONG KONG continued to stand out strongly in a mixed Pacific Rim yesterday.

Early profit-taking was overwhelmed by follow-through buying in HONG KONG, which extended its rally in heavy trading. The Hang Seng index added 36.85 at 5,042.81, its second consecutive record high, in turnover of HK$2.87bn, after HK$3.21bn.

Bank and property shares, once again, turned in the day's best gains. HSBC Holdings continued to advance in response to the results, putting on 50 cents to HK$44.50. Among conglomerates, Hutchison Whampoa moved up 10 cents to HK$16.00 and Jardine Matheson rose 50 cents to HK$48.00.

AUSTRALIA retreated 1.1 per cent after weak performances in London and on Wall Street overnight. The All Ordinaries index fell 17.7 to 1,591.4 in low turnover of A$155.2m.

Coles Myer dropped 36 cents to A$11.02 on news that first-half net profits rose by only A$200,000 to A$227.4m.

SINGAPORE finished higher, although Keppel Corp receded 25 cents to S$7.45 in heavy volume of 3.6m shares after its convertible and warrants rights issue was greeted with little enthusiasm.

The Straits Times Industrial index rose 13.34 to 1,461.01.

KUALA LUMPUR ended stronger in light trading as the pressure of the past two weeks from liquidation by domestic investors ahead of the Tenaga Nasional share offering started to ease. The composite index ended 4.06 up at 592.42.

TAIWAN ran up gently but failed to break through the important 5,000 level. The weighted index climbed 19.38 to 4,984.86 in turnover of T$31.2bn, after Wednesday's light T$19.45bn.

MANILA's composite index eased 1.82 to 1,118.21 in combined turnover of 231.4m pesos, after 102.1m. Meanwhile, BANGKOK's SET index rose 4.46 to 808.40, with some investors sidelined by the impending March 22 general election.

NEW ZEALAND fell back on weak overseas markets. The NZSE-40 index lost 9.86 to 1,456.80 in thin turnover of NZ$13.2m. Telecom Corp was steady at NZ$2.36 and Carter Holt Harvey dipped 2 cents to NZ$2.24, but Brierley Investments went against the trend with a 1-cent gain to 99 cents.

SEOUL ended slightly up in choppy trading. Sunkyong rose on rumours that the company was the most likely winner in the bids to be the second mobile telecommunications maker. The composite index firmed 0.6 to 619.11 in turnover of Won192.98bn (Won217.9bn).

## SOUTH AFRICA

JOHANNESBURG gave up early gains as traders turned their attention to the world cup cricket match between England and South Africa. The all-gold index fell 1 to 1,208. Industrials fell 15 to 4,392 and the all-share lost 8 to 3,571.

EUROPE

# Dealers try to justify the continent's gloomy mood

DEALERS looked for reasons to explain the feeling of gloom on the Continent yesterday, *writes Our Markets Staff*.

PARIS revived sheep-like characteristics not seen for several months, and followed London and Wall Street lower. Dealers were surprised that the CAC-40 index found no support at 1,950 and blamed it on profit-taking in a thin market. The CAC-40 index closed 26.27 or 1.3 per cent lower at 1,941.75 in turnover of FFr2.4bn.

Elf fell to FFr358, below the FFr360 issue price for the government's sale of 2.3 per cent of the company before closing 10 centimes down at FFr360.20. LVMH lost another FFr106 to FFr4,564. Lyonnaise-Dumez dropped FFr19 or 3.7 per cent to FFr492 on rumours that a big US contract to build an offshore platform had been cancelled. Chargeurs dropped FFr34 to FFr1,196 on disappointment with its 1991 results.

Hachette fell FFr9.50 to FFr175 after the Italian media magnate, Mr Silvio Berlusconi said that his bid to take over Hachette's bankrupt TV affiliate, La Cinq, had met tough resistance in Paris.

FRANKFURT kept a low profile, with turnover remaining flat at DM5.3bn. The FAZ index fell by 4.40 to 707.83 at midsession, and the DAX by 15.92 to 1,727.50 at the close.

Declines in the big three chemicals reflected their results this week, BASF (the worst) falling DM3.50 to DM245.10, Hoechst by DM3.10 to DM252.40 and Bayer, the only one to hold its dividend, by just DM1.30 to DM292.70.

Engineers and steels showed above-average declines after outperforming the market in January and February. Mr Adrian Hopkinson of County NatWest said that sellers might be looking for fundamental reasons to back a more general feeling of gloom. For what it was worth, Thyssen may have been affected by a 14 per cent drop in German steel orders, in volume terms, in January; and Mannesmann, apart from that, by cellular telephone projections, published on Wednesday, which disappointed some observers.

| FT-SE Eurotrack 100 - Mar 12 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hourly changes | | | | | | | |
| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | close |
| 1152.30 | 1150.47 | 1150.82 | 1150.92 | 1148.82 | 1150.03 | 1151.34 | 1149.99 |
| Day's High 1152.30 | | | | Day's Low 1148.59 | | | |
| Mar 11 | Mar 10 | Mar 9 | Mar 6 | Mar 5 | | | |
| 1161.88 | 1169.22 | 1165.45 | 1162.10 | 1169.56 | | | |

Base value 1000 (26/10/90)

MADRID concluded that hopes of an interest rate cut had to be shelved after year-on-year inflation rose from 5.9 per cent in January to 6.8 per cent in February. The general index closed 3.47 lower at 239.76.

Banesto, Bilbao Vizcaya and Santander, which had recovered well in January and February, fell by Pta145 to Pta2,955, Pta70 to Pta2,850 and Pta90 to Pta4,780 respectively. But defensive stocks like utilities held up well. Construction stocks were supported by news that the government planned to spend more on roadbuilding.

MILAN fell on uncertainty ahead of the April general election and signs that the San Paolo share offering was going badly. Around 95 per cent of monthly call options were abandoned yesterday. Some dealers said that, paradoxically, this was a good sign, since operators with whom the call options had been taken out had not wanted to sell the underlying stock at current low levels. The Comit index fell 3.35 to 511.35 in turnover estimated at near Wednesday's L90.5bn.

Fiat fell L45 to L4,850 but recovered to L4,890 after hours. Mediobanca, which has said it is ready to support San Paolo shares in London, fell L195 to L14,190. Trading in San Paolo shares is due to start in mid-April.

The cement company Calcestruzzi initially fell L900 or 5.5 per cent to L15,550 as the market decided it had paid too much for a majority stake in the Greek cement group Heracles. But it then recovered to L16,400 thanks to a large buy order of 800,000 shares.

ZURICH remained depressed by high interest rates, as benchmark three-month Eurofranc rates rose by $\frac{1}{16}$ to $8\frac{9}{16}$ per cent. The SPI index fell 9.2 to 1,118.6.

BRUSSELS saw a few blue chips buck the market's easier trend. The Bel-20 index fell 2.21 to 1,204.85, but Solvay rebounded after recent falls to end BFr75 higher at BFr12,400 francs. There was heavy trading in Gechem which fell BFr24 to BFr387.

AMSTERDAM ended lower as a late rebound failed. The CBS Tendency index fell 1.4 to 125.5. The market was disappointed by 1991 results from ABN Amro and KNP. ABN Amro fell to Fl 46.20 before closing Fl 1.30 down at Fl 46.50. KNP lost Fl 2.00 to Fl 45.60 after the company forecast lower first half net and voiced concern about the overcapacity in the paper industry.

STOCKHOLM was unmoved by a 2.5 per cent year-on-year inflation for February, the lowest in 23 years, or by Procordia's 21 per cent rise in 1991 profits. The food and pharmaceuticals group saw its B shares close down SKr4 at SKr203 as the Affärsvärlden General index fell 8.5 to 977.5 in turnover of SKr377m.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | WEDNESDAY MARCH 11 1992 | | | | | | | | TUESDAY MARCH 10 1992 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1991/92 High | 1991/92 Low | Year ago (approx) |
| Australia (69) | 144.88 | +0.0 | 124.35 | 122.14 | 125.17 | 127.38 | +0.1 | 4.34 | 144.71 | 125.06 | 121.48 | 125.79 | 127.19 | 160.31 | 112.74 | 131.28 |
| Austria (20) | 170.94 | −0.6 | 146.92 | 144.31 | 147.88 | 148.08 | −0.7 | 1.95 | 172.05 | 148.69 | 144.43 | 149.56 | 149.04 | 222.37 | 163.88 | 209.04 |
| Belgium (46) | 138.20 | +0.0 | 118.78 | 116.66 | 119.55 | 117.07 | +0.0 | 5.07 | 138.16 | 119.40 | 115.97 | 120.10 | 117.04 | 151.20 | 118.04 | 148.20 |
| Canada (115) | 131.11 | −1.0 | 112.68 | 110.67 | 113.41 | 113.35 | −1.1 | 3.27 | 132.44 | 114.46 | 111.17 | 115.12 | 114.60 | 144.28 | 126.49 | 141.03 |
| Denmark (36) | 240.01 | +0.2 | 206.28 | 202.62 | 207.63 | 210.71 | −0.1 | 1.74 | 239.48 | 206.96 | 201.03 | 208.17 | 210.98 | 273.94 | 217.74 | 280.04 |
| Finland (15) | 80.86 | +2.0 | 69.50 | 68.27 | 69.96 | 77.19 | +2.1 | 2.20 | 79.30 | 68.54 | 66.57 | 68.94 | 75.58 | 125.15 | 73.32 | 119.54 |
| France (108) | 153.66 | −0.5 | 132.07 | 129.71 | 132.92 | 136.19 | −1.0 | 3.26 | 154.43 | 133.47 | 129.63 | 134.23 | 137.54 | 156.43 | 119.11 | 145.86 |
| Germany (65) | 118.57 | +0.0 | 101.91 | 100.11 | 102.57 | 102.57 | −0.5 | 2.22 | 118.61 | 102.50 | 99.56 | 103.10 | 103.10 | 125.35 | 94.15 | 117.82 |
| Hong Kong (55) | 208.16 | +1.8 | 178.91 | 175.72 | 180.09 | 207.01 | +1.7 | 3.70 | 204.40 | 176.65 | 171.58 | 177.68 | 203.45 | 208.16 | 119.52 | 146.93 |
| Ireland (18) | 158.42 | −0.8 | 136.16 | 133.74 | 137.05 | 139.30 | −1.2 | 3.67 | 159.72 | 138.03 | 134.07 | 138.83 | 141.05 | 182.45 | 132.88 | 181.80 |
| Italy (77) | 71.57 | +0.8 | 61.51 | 60.42 | 61.91 | 66.67 | +0.3 | 3.48 | 71.02 | 61.38 | 59.62 | 61.74 | 66.45 | 88.23 | 64.76 | 84.24 |
| Japan (473) | 108.83 | −1.7 | 93.54 | 91.87 | 94.16 | 91.87 | −1.1 | 0.93 | 110.72 | 95.69 | 92.94 | 96.25 | 92.94 | 148.97 | 108.83 | 140.25 |
| Malaysia (68) | 239.91 | +0.3 | 206.19 | 202.52 | 207.54 | 236.81 | +0.5 | 2.81 | 239.11 | 206.64 | 200.71 | 207.84 | 235.65 | 250.18 | 189.18 | 241.73 |
| Mexico (18) | 1700.56 | +1.0 | 1461.59 | 1435.60 | 1471.17 | 5690.40 | +1.0 | 0.99 | 1683.35 | 1454.81 | 1413.09 | 1463.29 | 5633.74 | 1786.77 | 534.45 | 679.68 |
| Netherland (31) | 150.04 | +0.3 | 128.96 | 126.66 | 129.81 | 128.23 | −0.1 | 4.30 | 149.61 | 129.29 | 125.59 | 130.05 | 128.40 | 158.48 | 125.70 | 141.35 |
| New Zealand (14) | 45.54 | +0.2 | 39.14 | 38.45 | 39.40 | 44.14 | +0.3 | 6.21 | 45.44 | 39.27 | 38.15 | 39.50 | 43.98 | 54.64 | 41.18 | 46.30 |
| Norway (24) | 166.49 | +1.8 | 143.09 | 140.55 | 144.03 | 147.39 | +1.5 | 1.72 | 163.50 | 141.30 | 137.25 | 142.13 | 145.25 | 223.24 | 157.08 | 213.72 |
| Singapore (38) | 203.80 | +0.4 | 175.16 | 172.05 | 176.31 | 157.27 | +1.1 | 2.19 | 202.95 | 175.39 | 170.37 | 176.41 | 155.58 | 228.43 | 151.63 | 199.37 |
| South Africa (61) | 212.48 | −2.1 | 182.62 | 179.37 | 183.81 | 178.99 | +0.5 | 2.81 | 217.11 | 187.63 | 182.25 | 188.72 | 178.08 | 271.99 | 173.00 | 208.24 |
| Spain (52) | 155.11 | +0.3 | 133.31 | 130.94 | 134.18 | 123.32 | −0.2 | 4.83 | 154.69 | 133.69 | 129.86 | 134.46 | 123.57 | 171.12 | 131.51 | 169.85 |
| Sweden (25) | 181.71 | +0.0 | 156.18 | 153.40 | 157.20 | 161.94 | −0.6 | 2.80 | 181.80 | 157.12 | 152.61 | 158.04 | 162.89 | 204.12 | 146.60 | 199.88 |
| Switzerland (59) | 97.12 | −0.3 | 83.47 | 81.99 | 84.03 | 90.86 | −0.8 | 2.20 | 97.37 | 84.15 | 81.74 | 84.65 | 91.60 | 104.22 | 82.17 | 95.38 |
| United Kingdom (233) | 173.94 | −1.4 | 149.50 | 146.83 | 150.46 | 149.50 | −2.0 | 4.98 | 176.49 | 152.53 | 148.14 | 153.41 | 152.53 | 187.44 | 158.27 | 183.81 |
| USA (523) | 165.12 | −0.7 | 141.92 | 139.40 | 142.85 | 165.12 | −0.7 | 2.96 | 166.32 | 143.74 | 139.62 | 144.58 | 166.32 | 171.66 | 125.95 | 151.63 |
| Europe (809) | 143.04 | −0.6 | 122.94 | 120.76 | 123.75 | 124.06 | −1.1 | 3.91 | 143.93 | 124.39 | 120.82 | 125.12 | 125.44 | 151.52 | 125.50 | 147.93 |
| Nordic (100) | 173.91 | +0.3 | 149.47 | 146.82 | 150.45 | 148.49 | −0.1 | 2.19 | 173.34 | 149.81 | 145.51 | 150.68 | 148.61 | 200.81 | 165.55 | 195.08 |
| Pacific Basin (717) | 113.31 | −1.4 | 97.39 | 95.66 | 98.03 | 96.22 | −0.9 | 1.30 | 114.91 | 99.31 | 96.47 | 99.89 | 97.09 | 145.82 | 113.31 | 139.81 |
| Euro – Pacific (1526) | 125.44 | −1.0 | 107.82 | 105.89 | 108.52 | 107.94 | −1.0 | 2.49 | 126.77 | 109.55 | 106.41 | 110.19 | 109.02 | 147.66 | 121.29 | 143.49 |
| North America (638) | 162.96 | −0.7 | 140.06 | 137.59 | 141.01 | 161.60 | −0.7 | 2.98 | 164.17 | 141.88 | 137.83 | 142.73 | 162.80 | 169.69 | 125.91 | 150.89 |
| Europe Ex. UK (576) | 123.99 | +0.0 | 106.57 | 104.70 | 107.29 | 109.12 | −0.5 | 3.15 | 124.02 | 107.18 | 104.13 | 107.83 | 109.63 | 129.80 | 103.58 | 126.16 |
| Pacific Ex. Japan (244) | 157.52 | +0.8 | 135.38 | 132.99 | 136.28 | 140.74 | +0.9 | 3.81 | 156.32 | 135.10 | 131.25 | 136.90 | 139.53 | 158.16 | 111.40 | 133.81 |
| World Ex. US (1720) | 127.61 | −1.0 | 109.68 | 107.74 | 110.40 | 110.22 | −0.9 | 2.50 | 128.95 | 111.45 | 108.26 | 112.10 | 111.28 | 148.16 | 122.32 | 144.33 |
| World Ex. UK (2010) | 136.01 | −0.9 | 116.89 | 114.82 | 117.67 | 124.87 | −0.7 | 2.41 | 137.17 | 118.55 | 115.16 | 119.25 | 125.76 | 150.58 | 120.06 | 141.97 |
| World Ex. So. Af (2182) | 138.85 | −0.9 | 119.34 | 117.23 | 120.13 | 126.72 | −0.9 | 2.68 | 140.11 | 121.09 | 117.63 | 121.81 | 127.84 | 153.05 | 122.82 | 145.32 |
| World Ex. Japan (1770) | 156.68 | −0.8 | 134.66 | 132.28 | 135.56 | 147.44 | −0.7 | 3.33 | 157.66 | 136.25 | 132.36 | 137.07 | 148.65 | 161.90 | 126.69 | 149.95 |
| The World Index (2243) | 139.30 | −0.9 | 119.73 | 117.60 | 120.52 | 127.20 | −0.9 | 2.69 | 140.59 | 121.50 | 118.02 | 122.22 | 128.29 | 153.70 | 123.28 | 145.68 |

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# RECRUITMENT

## JOBS: Latest research shows change in the sorts of executives most prone to redundancy

# At last: an impartial gauge of deep recession

AN old rag-trade friend of the Jobs column, called Harry Vos, had a benchmark for gauging the severity of recessions. "You don't need telling times are bad," he used to say, "when they're firing the brothers-in-law."

I pass on his quip with some trepidation because, on recent experience, it will provoke protests. An increasing number of people, especially but not only in America, evidently now deem it "racist" for gentiles to retail Jewish jokes.

So it is fortunate that research has just identified a different benchmark for denoting severe recession, which is racially neutral albeit less funny. Another of its drawbacks is that, as the research concerned is the psychological kind to do with personality traits, the new benchmark needs explanation.

Its history starts in the mid-1980s with two studies which applied a standard personality test (the Cattell 16PF) to executives who had lost their jobs. The first was made by Cranfield business school in harness with the Pauline Hyde and Associates outplacement consultancy, the second by the University of Manchester Institute of Science and Technology with Coutts Career Consultants.

The findings were striking. Both studies showed that the executives who had been picked for dismissal at the time were the sort that – to the eyes of an impartial observer, at least – their companies would have done better to keep.

The discards were not only more than averagely imaginative, go-getting, forthright and bright intellectually. They were also calmer and self-confident with it.

Even so, the research suggested reasons why it was they, rather than colleagues with less sterling qualities, who had been chosen for the chop. The findings showed that their strengths were matched by weaknesses. They were high in forthrightness at the expense of being low in shrewdness, for instance, and imaginative at the cost of lacking canny realism.

In sum, it seemed that the redundancy victims of the mid-1980s were typically folk who, although unusually well equipped for executive work in some ways, were bereft of the political abilities on which survival in organisations so often depends.

But the research didn't stop there. With more and more of Britain's upper-rankers being thrown out of jobs, psychologists have continued their probings. One in particular is London-based consultant Lea Brindle, who has to date studied some 700 discarded executives.

He has discovered that, as the numbers axed have multiplied, the picture of the typical victim seven or so years ago has shaded into a different one. And, to the Jobs column's mind at least, the point at which that change takes place is a useful benchmark for the onset of a truly severe recession.

The picture that emerges from standard personality tests on more recent victims is one that has no outstanding feature whatsoever. When compared with the average executive, they are on average just average.

You surely don't need telling times are bad when that happens. True, the overall average hides a multitude of individual differences. But the recession has evidently reached a depth where executives have an equal chance of being chosen for the chop regardless of their particular mix of strengths and weaknesses, according to the most commonly used measures of personality at any rate.

Accordingly, over recent months Dr Brindle has checked whether the blank face of the average can be enlivened by the use of less standard measures. The main one he has tried is the "Team Types" analysis, developed by the British training expert Meredith Belbin, which divides people into nine different categories as follows:

*Co-ordinators*. They typically act as the team's "social leaders", calmly and self-confidently steering the other members in line with broad objectives, but without acting in an overbearing way and not necessarily being officially in charge or outstanding intellectual or creative thinkers. What they are above all is motivators.

*Shapers*. They are the team's "task leaders", taking it on themselves to ensure their colleagues do the work assigned to them. While outgoing in manner, shapers are personally competitive and don't suffer what they see as fools gladly. Highly motivated individually, they often strike others as arrogant and abrasive.

*Plants*. They act as the team's original thinkers. Intellectually brighter than their colleagues, they generate new ideas at the expense of overlooking detailed realities. Although usually introverted, they are nonetheless thrusting and tend to cause umbrage by criticising others' ways of operating.

*Resource investigators*. They tend to be the most personally likeable members of the group, being sociable and stimulating as they go around collecting information from their many outside contacts and showing instant interest in new possibilities. But while ready to improvise under pressure, they are not original thinkers, and can easily become bored, demoralised and ineffective.

*Specialists*. They are the team's sources of specific knowledge and expertise. Single-mindedly devoted to their chosen field, and working on their own initiative and often imaginatively within it, they tend to be single-minded loners.

*Evaluators*. Logically minded and serious, they are typically viewed as "cold fish" by their team-mates. Showing little personal motivation, they constantly analyse and nit-pick without offering anything original. Their main value is in stopping colleagues from rushing down blind alleys.

*Completers*. They are the team's worriers, ceaselessly on the lookout for things that might go wrong. Preoccupied with order and detail, they tend to lose sight of the broader scheme of things.

*Implementors*. Outstandingly self-disciplined, they are above all else practical organisers who sort out objectives and pursue them methodically and efficiently, although rarely with imagination.

*Team workers*. They have all the collective virtues, being good communicators as well as highly efficient personally, and sensitive promoters of harmony. As they rarely assert themselves, however, they are apt to be undervalued.

That perhaps explains why, of all the nine types covered by Lea Brindle's latest checks, team-workers emerge with the least distinction. The only way in which they stand out from the average is in being poorly paid, a drawback they share with the implementors, completers and evaluators. The best paid, at least in the job they were dismissed from, are the co-ordinators, plants, specialists and resource investigators.

Since all of the types studied had received the chop, Dr Brindle was of course unable to compare them with colleagues who had avoided it. All he could examine was how long the rejects had been with the discarding organisation. The shortest lasting were shapers, resource investigators, plants and specialists. The longer stayers were the implementors, completers, evaluators and co-ordinators.

But when he checked on those whose own direct boss had been changed within the previous two years, a difference appeared. While the pattern otherwise was the same, co-ordinators changed from long- to short-survivors.

When he looked at rejects' speed in finding new jobs, the general pattern tended to reverse. Slower than average were completers and evaluators. Quicker were plants and resource investigators – but not, alas, the short-staying shapers who more than any of the other types ensure that things actually get done even if not always to their colleagues' liking.

**Michael Dixon**

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## ACCOUNTANCY COLUMN

# Lighting the hidden side of directors' reports

By Andrew Jack

THE RECENT storm over political donations made in the 1980s by Polly Peck International, the collapsed fruit to electronics group, failed to highlight one vital issue: whether it is time for the annual directors' report to receive far greater scrutiny.

It was widely reported that Mr Asil Nadir, chairman of PPI, had contributed funds to the Conservative party. Touche Ross, which has had partners working on the administration of the group since October 1990, confirmed that it had unearthed payments from companies within the group.

Mr Chris Patten, Conservative party chairman, said that £440,000 had been received via Mr Nadir. Even Mr Nadir, through a statement from his solicitors, confirmed that he had donated the money to the Conservatives and appeared to express surprise that those payments made through PPI companies had not been disclosed in the accounts.

While some commentators swiftly called for the return of the money, and others questioned the ethics of political parties receiving large contributions from any one individual or organisation, few addressed the lack of disclosure of the contributions in the company's accounts, and why this had gone unnoticed.

Political embarrassment there may have been. But under current legislation the donation of funds by companies to political causes is not illegal. The only law in question is the 1985 Companies Act, which requires the directors' report to list the sums and the recipients of any donations to political or charitable causes above £200.

PPI's reports for the periods in question are blank. The accounts for 1989, for example, discuss £485,000 given to charities "particularly upon the needs of children and young people in the community who are underprivileged or chronically ill". It then states simply: "There were no political donations."

Stoy Hayward, auditors to PPI, would not comment on the episode. But the companies' act appears to place the onus for disclosure on the directors of a company rather than its auditors. "In respect of any failure to comply . . . every person who was a director of the company immediately before the end of the relevant period is guilty of an offence," it states.

Auditors, it continues, must report on the accounts of both subsidiaries and the group company where one exists, including the balance sheet and the profit and loss account.

The existing auditing guidelines from the Institute of Chartered Accountants in England and Wales explicitly reflect this legislation, and seem to exonerate Stoy Hayward from any blame. "The auditor has no statutory responsibilities in respect of items in the directors' report which in his opinion are misleading but not inconsistent with the financial statements," it says.

The auditor's report in every company annual report makes the same point. The statement appears after the directors' report and refers only to the accounts, contained on subsequent pages. The 1989 PPI version, for instance, begins: "We have audited the financial statements set out on pages 31 to 55 in accordance with auditing standards." The directors' report is on pages 27 to 29.

Undisclosed donations each year for a few tens of thousands of pounds in a company with PPI's turnover are hardly likely to be judged material. They are therefore not likely to be judged "inconsistent" with the accounts, and the auditor would not be obliged to highlight the failure to disclose these political contributions even if they did manage to detect them.

So who is responsible for verifying

**The donation of funds by companies to political causes is not illegal. But the 1985 Companies Act requires directors' reports to list the sums and recipients of any donations to political or charitable causes above £200**

the contents of the directors' report, for both PPI and in general? The Department of Trade and Industry says Companies House, based in Cardiff is responsible for examining accounts, and is able to impose fines for any which are found lacking.

Companies House states that it fined 1,864 directors from 1,284 companies during the last financial year for failing to file accounts on time, and has recently announced stiffer penalties for this offence to begin in July. It says it can also take action where there is incomplete information, such as the omission of the auditor's statement or the balance sheet.

But it has no record of any occasion on which a company had been fined for failing to disclose – or for inaccurately disclosing – information in the directors' report. It says that its thrust is ensure compliance, not to punish errors.

Companies House argues that it has no staff to examine reports for evidence of abuse. "We accept all the information that is given to us in good faith," says one senior official. He points out that there are about 1.1 million "live" companies on record, most of which file annual returns, and the average report is probably examined for "one-and-a-half to two minutes".

The same message – that there is no systematic monitoring of reports – comes from the Department of Trade and Industry, with which Companies House works closely. "We don't have a pro-active role," says a DTI official. "Accounts are taken as being correct. Shareholders, creditors and investors can bring things to our attention. We rely on informants."

If PPI was an isolated incident, the importance of non-disclosure in a directors' report might of questionable importance. But it is not. The accounts for the year to June 30 1991 of Sovereign Leasing, a leasing company now owned by Z-Landerbank Bank Austria, for example, reveal a similar episode.

The directors' report describes a detailed investigation into the company carried out as a result of substantial losses made during the financial year. As a result, it says, "the new management discovered that a donation of £100,000 to the Conservative Party made in 1990 was not recorded as an expense in last year's accounts. The expense is therefore included in this year's accounts."

But the issue goes far wider than non-disclosure of a few political donations and whether these particular companies should be fined. Governments over the years have placed increasing emphasis on the provision of information in annual reports outside the scope of the accounts and therefore beyond the scrutiny of an auditor.

Some impinge directly on the financial affairs of the company, including the requirements for a review of the business and its future developments, expenditure on research and development, post-balance sheet events, and the directors interests including share options. Others are designed to reflect wider social concerns and objectives, like policies on employee participation, the disabled and health and safety at work – as well as donations.

There is no sign of the demands for this type of information drying up. Even in Tuesday's budget proposals, the Chancellor called for large companies' annual reports to publish details of how quickly they pay their bills, to give potential suppliers warnings of late payers. These figures will presumably become yet another new section in the directors' report.

It may be that shareholders and others with interests in or knowledge of a company should be more vigilant about the information they are given. Perhaps auditors should be required to examine the directors' report in more detail, or the government should institute spot checks to verify the figures. What is the point of requiring more information to be disclosed if no one checks on its quality?

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- D'assurer tous [illegible] du contrôle finan[illegible]
- De mettre rapideme[illegible] recommandations précises en [illegible] gestion et de réaliser l'analyse des résultats de la société
- D'assurer la gestion du système informatique et la conduite du service
- [illegible]et d'animer l'ensemble du [illegible]ier et administratif (jusqu'à [illegible]

[illegible] Diplo[illegible] vez acquis une solide expé[illegible] inancier. Vous avez [illegible] ternational. Vous [illegible] expérience de [illegible] courants, écrits et parlés, [illegible]

Ce poste offre d'excellentes opportunités d'évolution de carrière au sein du Groupe.

Merci d'adresser votre candidature (CV, rémunération actuelle) à l'attention de Karen Wilson BA, ACMA, Directrice du Groupe FMS - 5 BREAM'S BUILDINGS - CHANCERY LANE - LONDRES EC4A 1DY.

*Our client is a highly profitable International Group with a turnover in excess of $350m. Operating in 22 countries around the world, it provides a range of technologically advanced services to the metals industry.*

# Financial Controller

***A dynamic environment for an ambitious professional with business flair.***

**London based** **Up to £35k + car + benefits**

*This is an exceptional opportunity, reporting direct to the Group Financial Controller and based at the Group's headquarters in Central London. You will enjoy a high level of exposure and broad range of responsibility at an important stage of the Group's further development, both organically and through acquisitions.*

*We are looking for an outstanding individual, with strong interpersonal skills and well developed commercial instincts, who has the maturity to make an early contribution and relate to staff at all levels. Considerable travel worldwide, but particularly in Europe, is involved and the scope for personal and career progression within the Group is excellent.*

*Aged 25-30, you will need to be a qualified accountant and/or MBA with at least two years' post qualification experience. Language ability, particularly in French or Spanish, is essential.*

*Please write, with full CV and salary details, to Tony Bucher at Gaddesden Recruitment, 41 Devonshire Street, London W1N 1LN, or Fax: 071-436 3108.*

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FINANCIAL TIMES
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# Finance Director

**Dorset** **up to £45k pa + car + benefits**

Our client operates in a niche area of the leisure industry and is a market leader in their field. They have an outstanding track record since their formation in 1979 and have identified additional locations in the UK and Europe which will allow the business to expand further.

They now wish to recruit a Finance Director due to the imminent retirement of the present incumbent. Essentially qualified accountants, ideal candidates will be aged 35-45, with considerable experience of dealing with the City and raising funds. The culture of the company is team oriented, unpretentious and very friendly. You will need to be pragmatic, with confidence and presence so that you can direct the financial strategy of the business at the same time as managing a small department providing all the necessary financial data for the business. Computer literacy and experience in investing in Europe with the resulting multi-currency accounting systems would be a considerable bonus. Most of all, you will have business acumen, strong self motivation and a sense of humour.

This position will be challenging and undoubtedly fun. It is located in a very pleasant part of Dorset, not far from the sea. The benefits package includes relocation if required.

Interested candidates should send comprehensive CVs together with salary details to Tony Saw at the address below, quoting reference S2119.

KPMG Selection & Search

2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

# Financial Director

**Hertfordshire** **c £40,000 + Car + Benefits**

Our client is one of the world's leading 4GL suppliers with operations in the UK, USA and Australasia. Since its foundation in 1977 the company has consistently achieved profitability whilst maintaining high levels of investment in research and development to extend the range, facilities and features of its products.

In order to strengthen their financial and commercial expertise, the company is seeking to appoint an ambitious qualified accountant with strong communication and technical skills, and the ability to become an integral part of the Board and Management team. The successful candidate will report to and assist the Managing Director and will be responsible for all aspects of finance, administration, systems, reporting and control. The Director will also provide significant commercial input to the management of the business.

Prospective candidates should be both computer-oriented and highly numerate qualified accountants, preferably graduate ACA/ACMA (aged 35-45), with a successful track record involving experience of managing a finance function with operations overseas. Individuals with relevant sector experience within the software industry will be of particular interest. Above all, candidates must be able to demonstrate energy and commitment together with the ability to identify and manage change. Applicants should be able to offer both a 'hands on' approach to the business and the intellectual ability to contribute to strategic decisions.

For further information, please write enclosing a full curriculum vitae (including salary details and day time telephone number) and quoting reference LN1701 to **Gary Watson, Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.**

**Michael Page Finance**

Specialists in Financial Recruitment
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Nottingham Manchester Leeds Glasgow & Worldwide

# Senior Manager - Accounts

**London** **£25,000-£30,000, bonus and benefits**

As the leading shipping company with one of the world's largest and most efficient fleets, our client has established their European headquarters in the City. Through acquisitions and organic growth, the company is developing a strong network of operations across Europe.

A qualified accountant is now required to manage a small department and will report to the Deputy General Manager. Aged 35-45, you will have a minimum of 5 years post qualification experience which will have included the production of statutory accounts, budget preparation and control, tax returns, cash management, P & L accounts and balance sheets. Experience of MIS and PC operation for accounting will be very useful as will experience of training junior accounts staff. All of this will have been gained in industry or possibly in the profession. Equally important are the maturity and interpersonal skills to form sound links with other managers, a *flexible "hands-on" approach and the self motivation to develop this role to its full potential.*

Interested candidates should send comprehensive CVs together with salary details to Tony Saw at the address below, quoting reference N6122.

KPMG Selection & Search

2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

FINANCIAL TIMES & ROBERT HALF INVITE YOU TO A FREE BUSINESS BREAKFAST

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

# MAKING THE SELECTION INTERVIEW MORE EFFECTIVE

## A Practical Guide for Finance Managers

on Thursday 9th April 1992
At The Meridian Hotel, 21 Piccadilly, London W1
8.15am - 9.30am

This Financial Times Breakfast Briefing is designed specifically for finance managers who may interview once or twice a year The talk will be given by Jeff Grout. Joint UK Managing Director of Robert Half, who will examine where and why interviews go wrong and demonstrate how to increase the effectiveness of the interview through a more structured approach. The briefing will cover–

- Preparing for the interview
- The Interview Plan
- Creating a proper environment
- Questioning Techniques
- Promoting the job
- Concluding on the right note

A specialist in accountancy recruitment for more than 10 years, Jeff Grout is a frequent contributor to various newspapers and journals on the subjects of job hunting and recruitment. A regular speaker, he has been a guest on numerous radio programmes and appeared on Sky Television.

He has advised many companies on how to improve their recruitment process and has presented in-house recruitment seminars and interview workshops for companies such as Marks and Spencer, Vickers, Guinness, MEPC, Shandwick and Banque Paribas.

**Jonathan Freestone, Group Management Accountant, MAI plc** 'Good insight into the correct approach to interviewing'.

**Charles D Coase, Group Chief Accountant, Guinness plc** 'Both constructive and valuable'.

**Brendan Collins, Assistant Group Controller, Shandwick plc** 'An excellent presentation'.

**Graham Coulson, Personnel Manager, MEPC Plc** 'A valuable and enjoyable presentation on selection interviewing'

**Bob Lake, Finance Director, Barstable Advertising** 'Much valuable information in a short space of time all of which was relevant'.

Places at the Breakfast are strictly limited.

If you wish to attend this free breakfast, please write to Rachelle Nelson at Robert Half, Freepost, Walter House, 418 The Strand, London WC2R 0BR. (Telephone 071-836 3545)

ROBERT HALF
THE HUMAN FACTOR

# Group Financial Executive

**South West** **Package £50k +**

Our client is a well established, entrepreneurially-led, multi-site public transport organisation. It employs several hundred people and has substantial property holdings and assets. As a result of a recent management restructuring, the Board now wish to appoint a 'hands on' and proactive Financial Executive.

Working closely with the Chairman and Board, the successful person will be responsible for the accurate and timely production of all statutory and management accounting reports. Other responsibilities will include treasury management, appraisal of investments, acquisitions and the provision of high quality technical administration commercial support.

The successful person will be a Chartered Accountant with energy, vision and above average intelligence. Experience gained with one of the 'Big Six', coupled with commercial exposure is essential. A down-to-earth approach and well developed communications and leadership skills will pave the way to success in this challenging and rewarding post.

Suitably qualified and interested candidates should write with full CV and current remuneration details to Mavis Would, KPMG Selection & Search, Linacre House, Southernhay East, Exeter EX1 1UG. Tel: (0392) 211661.

KPMG Selection & Search

# BILINGUAL EUROPEAN FINANCE DIRECTOR

## HIGH-GROWTH FORTUNE 500 LOGISTICS START-UP

**Berkshire**
**£45,000-£50,000 + bonus + car scheme + benefits**

With the experience and resources of a $0.5bn US corporation to call upon, a new pan-European, added-value, direct-to-user distribution and supplies management business is being established, with a medium-term revenue target approaching $100m. The concept has been proven over many years in North America and a UK pilot venture has been eminently successful; the next step is to build the UK and French operations, prior to expansion across Continental Europe. Crucial to the success of this initiative is the appointment of a highly experienced and versatile European Finance Director.

As a member of the very small executive team, you will contribute significantly to the initial business planning - and then implement it. Drawing upon the knowledge base in the US, you will establish the total finance and accounting function and develop a sophisticated multicurrency information technology strategy for all business processes: in addition, your contribution to overall decision-making will be invaluable in achieving excellent bottom-line results.

A well-qualified professional - ideally an ACA/FCA - you must have extensive senior financial management experience within a quality industrial manufacturing or service environment. Having spent part of your career living and working in Continental Europe, you are bilingual in English and another European language - possibly French or German - and will be able to operate successfully in a new, rapid-growth company where rules and systems simply do not exist.

The generous remuneration package reflects the calibre of the individual sought. If you meet the specification, send your cv to Peter Bedford, **Ref: 5635/PB/FT.**
**PA Consulting Group,** 123 Buckingham Palace Road. London SW1W 9SR.

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**APPOINTMENTS WANTED**

**FINANCE DIRECTOR FCA**

Available on a part-time basis. Please write in *confidence to:* Box A449, Financial Times, One Southwark Bridge, London SE1 9HL.

# Finance Director

## £45K Package + Benefits

With a turnover of £150M, this privately owned North West company is a market leader in the food manufacturing industry. It's a success attributable to an innovative approach and professionalism on every level. Operating in a competitive sector, future profitability looks healthy and expansion plans are well underway.

An important part of the future plans is the creation of this new role, financially responsible for the most significant Division in the Group with an £80M turnover. Your brief will be two-fold, managing the day-to-day accounting functions and playing an active role in the future strategy of the organisation. In addition the improvement of Management Information Systems will be one of your prime objectives and the Board will be looking for advice and guidance on various business projects.

Probably in your mid 30's, your CIMA or ACCA will be supported by a degree and you will already have experience at a senior level within a major food manufacturer or similar blue chip organisation.

We are looking for an astute individual who is ready to consolidate their career and make a significant contribution to this forward thinking organisation.

To find out more please call Cheryl Thomas, Senior Consultant, on 061 834 6512 (9am-5pm), or 0298 815228 (7pm-9pm), or alternatively write to her with full details at Townsend Knight Consulting Limited, 98 King Street, Manchester M2 4WD quoting reference number P438.

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# REGIONAL CONTROLLER

## MAJOR INTERNATIONAL SERVICES GROUP
## Caterham, Surrey

**To £35,000 + Car**

Our Client is a £120 million turnover division of one of the UK's most prestigious plc's. Through a network of regional offices they offer a highly regarded range of services and have expanded rapidly both organically and by acquisition. They are currently further developing their product in mainland Europe.

As the result of an internal promotion, they seek to appoint a new Controller for their Southern Region which spreads from East Anglia to the South Coast. This role reports directly to the Regional Managing Director and will be responsible for the planning, analysis and financial management of the region's business. As such, it requires sound commercial judgement and the ability to deal confidently with non-financial managers on business issues.

The successful candidate, aged between 28-35, will be a qualified Accountant with 3-5 years' POE. A strong communicator, he/she will relish the challenge of a commercial role within a growing international business. Prior experience of preparing business plans and budgets and the ability to work independently in the field are essential qualities.

Interested candidates should send a comprehensive C.V. to Charles Macleod at Robert Half, Freepost, Walter House, 418 The Strand, London WC2R 0BR. Alternatively, telephone 071-836 3545 or fax your details on 071-836 4942.

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ROBERT HALF
THE HUMAN FACTOR

# GROUP FINANCE DIRECTOR

A public company, turnover £60 million, involved in engineering and specialist subcontracting with headquarters located in the Midlands and with several overseas manufacturing subsidiaries, seeks a Group Finance Director.

The Finance Director reports to the Chairman and Managing Director and is responsible for the preparation, presentation and interpretation of group financial control systems throughout the group.

The Director will be expected to work closely with board members and external financial institutions to ensure that adequate financial resources are available and effectively used in the operation and development of group businesses.

Applicants should be chartered accountants and have at least ten years experience in a manufacturing or specialist contracting business. This demanding position will provide an excellent opportunity to play an important part in the future growth plans of the group.

C£40000 Car Other Benefits

Applications including a detailed CV should be sent to
Box A453, Financial Times,
One Southwark Bridge,
London SE1 9HL.

# Financial Controller
## up to £32,000

**Into 40% of the network we're putting 110% effort**

London Transport's Tendered Bus Division controls the tendering and operation for some 40% of the entire bus network within Greater London—a total of 75 million annual operated miles.

Tendered bus services have provided passengers with increased value for money, new local buses and increased efficiency. Ensuring this trend in performance continues is a crucial objective for our Division, and we need a talented financial professional to help us achieve it.

As Financial Controller, your task will be to provide a full financial and management accounting service so that a high standard of control is maintained throughout our activities. You will need to develop and maintain commercially oriented procedures, reports and management information systems, and you will also have prime responsibility for all financial dealings with contractors.

Managerial ability is essential, as is proven experience in a similar post, a sound accounting background and a formal accounting qualification. In addition, you should have the ability to grasp concepts and turn them into reality together with an ability to manage a successful team.

***To apply, please write with full career details to Karen Brown, Central Personnel, London Transport, 55 Broadway, London SW1H 0BD, quoting reference CDV 9274/E.***

London Transport

HERIOT-WATT BUSINESS SCHOOL

Chair of Accounting

Chair of Business Organisation

Lectureships

Heriot-Watt Business School was established in 1989 in its new £1.8 million building on the University's Riccarton campus. The School comprises the Departments of Accountancy and Finance, Business Organisation and Economics and works closely with the Esmee Fairbairn Research Centre.

The School currently offers well established undergraduate programmes and two highly successful postgraduate taught masters programmes. As part of its strategy to strengthen further its teaching and research capability, the School is seeking to appoint a professor of accounting, a professor of business organisation and six lecturers.

The professor of accounting will be expected to take a leading role in research in his/her specialist field and to review, nurture and develop teaching at all levels within the Department and School. There is no restriction on area of specialism but applicants should be senior academics with established research reputations.

The professor of business organisation must be able to provide academic leadership for the department. The University seeks candidates with outstanding research reputations in either business strategy or marketing.

Applications are also invited for six lectureships in the undernoted areas: • **Accountancy (2)** • **Finance** • **Business Strategy** • **Marketing** • **Economics**

Within each subject area identified no particular specialism is sought but candidates are expected to demonstrate commitment and potential in research and teaching.

Please write for further particulars and an application form to the Director of Personnel, Heriot-Watt University, Riccarton, Edinburgh EH14 4AS specifying which post or posts you are interested in.

# FINANCE DIRECTOR
ACT MEDISYS LTD
Part of ACT Group plc

**BIRMINGHAM** **c£38,000 + car + benefits**

ACT Medisys is one of the UK's leading suppliers of Information Technology solutions to the healthcare market, and the market leader in the supply of laboratory management systems, with turnover approaching £10m.

It is a wholly owned subsidiary of ACT Group plc, the leading independent British owned software and services group.

This is a board appointment which carries full responsibility for Finance and Administration and will report directly to the Managing Director. You will be expected to contribute to the overall strategic development of the business as the Company continues to expand both organically and by acquisition. This position requires sound commercial judgement and the ability to deal confidently with non-financial managers and experienced clients on business and contractual issues.

The successful candidate will be a qualified accountant, probably aged 30-40, with extensive experience gained in the IT industry.

Please apply, enclosing a curriculum vitae, to: Dr R A Bassett, Managing Director, ACT Medisys Ltd, ACT House, 111 Hagley Road, Edgbaston, Birmingham B16 8LB. Or fax your details on 021-625 2617.

ACT
MEDISYS

# Finance Director

Manufacturing
East London

c. £35k
+ Benefits

**The Company**
- Profitable £8m turnover subsidiary of £40m group.
- Manufacturer of quality consumer durables at two sites.

**The Role**
- Increase financial awareness and disciplines throughout the company.
- Provide Board with quality information and analysis in order to maximise profitability and cash flow.
- Enhance the quality of business plans and introduce an integrated standard costing system.
- Key member of the management team with full involvement in company's general management and strategic direction.

**Qualifications**
- Qualified finance professional. Age 30 - 45. Sound commercial and I.T. experience in a manufacturing environment.
- Highly motivated with hands-on approach. Good communication and man- management skills.
- Track record of successful implementation of profit improvement programmes.

Please reply in writing enclosing c.v.
Box A456 Financial Times One Southwark Bridge London SE1 9HL

# GROUP FINANCE DIRECTOR

Conder is a publicly quoted U.K. construction group with interests in the U.S.A. and an acknowledged leader in its main business areas of design and build contracting, steel frame design, fabrication and erection and design and construct building services.

We are entering a phase in our corporate development which will demand energy, drive and commitment to exacting standards of professional expertise and personal performance and where the finance function will play a crucial and strategic role.

We wish therefore to appoint a Finance Director as a member of the Main Board and responsible to the Chief Executive for the finance function in the broadest sense and in particular for the development and direction of financial policies commensurate with overall business objectives and strategies.

This position, which is based at the Company Head Office in Winchester, will present a unique challenge to a qualified accountant with a record of positive achievement in financial management preferably obtained in the construction industry and with the personal stature and credibility to deal on equal terms with external advisors and institutions.

Applicants should apply in writing with a comprehensive summary of career achievements to date to: The Chief Executive, Conder Group plc, Moorside Road, Winnall, Winchester, SO23 7SJ.

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# FINANCE DIRECTOR

This is an excellent career opportunity to join the Executive Team of this prestigious Private Hospital which is a subsidiary of a U.S. Healthcare Corporation.

The successful applicant will report directly to the Executive Director. High calibre leadership, interpersonal and communication skills are essential for this challenging position. Applicants must be professionally qualified and have proven achievements at a senior level, preferably in a Hospital or Healthcare environment.

This Finance Director has financial responsibility for the London operation and will be responsible for the overall management of the Finance Department, involving formulating policies, setting objectives, monitoring and evaluating achievement, along with planning and development, in order to achieve maximum financial results within the highly competitive healthcare market.

The Hospital offers an excellent working environment, along with a generous salary and benefits package.

Please apply in confidence enclosing a CV with latest salary details to Mr Graham White - Personnel Director.

Humana Hospital Wellington
Wellington Place London NW8 9LE

Severn Trent Water

# INVESTMENT ANALYST

**£30 - £35K plus benefits** **Birmingham**

Severn Trent Plc is a FTSE 100 Company with its core activities in water and waste water treatment and waste disposal, but also with many other innovative interests.

We have an investment programme currently in excess of £600m per annum which will improve the services to our existing customers and assist in our commercial and international expansion.

In this key appointment your brief will be to form close working relationships with managers in our operating subsidiaries to ensure strong financial controls are implemented and adhered to, over all investment expenditure.

You will also, in conjunction with the Capital Projects Controller, participate in, or in some cases monitor, appraisals covering all investment by the Group.

A qualified accountant, either Chartered or Cost and Management, with superb analytical skills, you'll have had considerable experience of investment analysis within a major organisation. Your excellent communication skills will also be of paramount importance.

This is a superb opportunity with an expanding, high profile company, offering outstanding career and personal development.

**Interested? Then please forward your full c.v. to the Personnel Department, Severn Trent Plc, 2297 Coventry Road, Birmingham B26 3PU. Please quote reference number 134.**

**Closing date: 26th March, 1992.**

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